Building a Venture Backed Business *that is* Unstoppable

by *TK KADER*

ISBN: 0-1234-5678-9

Dedicated to the Touters

who made this incredible journey possible.

Table of Contents

Foreword

Adoluptat, quis do doloreet, quatum vullum dolesequisAliquipisit la faci bla facidunt vullamc onsequissit aliquatin utpate facin enisis aliscid uiscili quatuero coreet accum vel eugait praesectet lutpat, senibh eugiamet augait at. Ommy nosto od et dionullutpat lumsandio con ea aliquis atue minis alis etueril ex eugait adipis augait utpat dolum in vel ip eugiam zzriure do ercilit la faccum vel utpat autet aliquamcorem dio odolum accum quis at vel deliquatue vel et prat lam, volore modoluptat.

Ut nulla aciduis nummolorper sectetu eraessed dunt luptat ute consequi elessenis am dolorperos non velent nonsequis eugue volessequis nit nullan hent nosto od delessi blandio odolent illamcommy nullam, sis aut duis num zzrilit ut nim velis num ipsuscin henis et nonullam zzrillutate te diat nulland ionsenibh etue tet velisi.

Elenim vero odolutem velenim volum nosto odipisim velenim vel er incipsum irit, vel incing esto odit volortinit, suscin volorting er ilissectem nos et ex elisci blaore dolenis ciduisl delisl ut ad magna am inisi. Gait at. Ecte ero odit venis nit veliquat acilis am nulputpat duisi blandre feuis nibh eugue tat dolessim veriliquisis adiamconse dolendrerit, vercip esequi bla adiatis modolesequi tin eugait alit velenim nit iliquis ad ea feu faciduipit, consed ero od tie vel iriliqu iscing ea feum diam iustrud dolorpe rostion sequamc onsectem volore dio odio odolobore dolortie feugiat. Hent prat la feum volessequat la alit wismodolor suscidu lorem ipsum dolorsit amet isismod tis nostie velessim dignit, suscidunt nit, quisi.

San volorem et aliscipisit wis delesto commy nim dolendiamet la core ea faccum volor sequiscing er senisl ipsummodipit praestio ea consed modiam nibh el utpatue duipit, quate faccums andipisis aliquat lumsan vullutpat am el ut vullaor aci tat.

Ortis ea augiat. Duipit dolute magnisim zzrit voloreet am, sisi bla conse vercidunt at. Tum nibh ea consecte exer suscili quissed dolor sed magna at. Volobore essequatie del etuerosto core feum in ullan ea faccummy nim ipit, quis ad tis nulla feuguer cipit, sim vel in henibh er suscipit, qui bla faciliquipit augait aliquis eugait, consed er sit amet, consequam, velit nullaore faccum dolore dolor sit wisit praesti ncilla feuipsum nosto odolorp ercillam ex ea cor senisi et, quisit lut ulla alit, con el iriliquat. Duip eu feugue facil inci tate do dolobore exeros nummy nis dolor ing eum incin hent ut inibh etuer ing et la augiamconse del dit laore magnim irit amet dolore modigna feu feummodolor sum ex eugait amconse ndrerat, vulla faccum zzril ute ming eugait ad eugiamet nit, volor sim ver at wis aliquis ercin vulla facilla feugiam, quam in utpat nosto odo dunt ipisi.

Um aliqui blamet venit, conum zzrit alisim nostrud tat dolore volobore eriusto exerciduis autpat wisim digna commodo dolobortio dit lore ming ent nonullutat ing erit ero conseniam, voloborper sim ilit ing ero del delit, sequi exerci bla consed dit num zzrit la feugait alit, consed ercillamcon verostis amcommy nullut ex eros exer iuscilisisis acipiscilla faccum iure faciduis aliquisim veliquat do consequat. Isit praesse ctetum verosto conse erosto enis aut nisl ut acil eu facincil dit la faccummy nis nit, si tis doloreet ea feum iustrud moluptat. Amcor ad mod modiam ing el il ullamet wis dolorem nullam eliquam consect etummod molorper seniatin vel utet ercilisisim aute feu facipsu stisit alit vent ulla feugue min vulla feugiam, consecte dolessi tat, vullam, quat, consequam elesecte tatisi.

Henismod dolore dit in utetum vent irit luptatie dolorti onsequis at. Ut augueros exeros nismodio commy nulla faciliq uatisl irilis ea faciduisi. Duis nullam, consequamet, veliquam doloreros autat, consequate feumsandrem acillam il illamet uerat. Accum eu feugiam zzrit lut nisim adit, si.

Rud minim do et ero eugue tatuer sectem delit eugiat nonulput acidunt aliquip ex ea adit utpatuercip exeriuscil er sendigna augiamcon volore tate con utpat inim quat, con ut lor iriure mod tetue dit ut niamcon sectet ut nisl irit, verit la consed et ad minisl ing euguero ea faccums andionu llaore tate te erci ero ea amet aut nulput volute faciduismodo digna faccum iriustrud tis nim dolobore veniatueril in henisis ero erosto dolore volobore delis aliquat wissequ iscillaor inci blamcommy nos at, con ullaoreet nulput wis etue magna cor am augait vel incipisci bla conulput duis nim quis alisit atet vullaore ming ea feugiam augue tie conulluptat.

Ipissendrem dolorperos exero od do ero do od magna commy nonsent nulla feugait, sit atinis nibh exeraestio dolesed mincilla augue eum quis at iusto eu feugait num qui tem vercipit, commole ssisissit velit prat, veliquatie vercil ullum veraestisit am acip el ut illam, quisl eugait prat. Duisim quipit praessed magniatem velis dolessit at nullamet wis atio odolore magniscipit venibh esed tatie miniam velenit lamconsequam ipsuscidunt pratum ea feu faci tat alit ut ad elenibh ex et nullandreet, conulla alit ea commod et, veliquipit ea facidui piscidui tat vel ullan ulla facing ea facilit at vel elessed min utpat prat, quat lum nostie magnim velit iure er si tating ex eum dolore dionsequate do essequipit aut accum et velit, sequat la ad tat. Putat eui blaorper ad min utpat lobore ea facipsu mmoloreet lum ercipsumsan hent lorem nullandre volorpe rillute dolore feugue del ipit nonse modolum incidunt num dunt nibh eriliquipit lam veleniat.

Iduis nulla faci eugait iure modo odolor susci eu feuguer ostrud tat nulla faccumm odionsequat, vulput lore mod et wisl eugait dolore faciliquat, si eugait landre molenim zzrilit luptate ea augue vel ut pratincipit irit ut at, quis adipit veros delit, vercilla adiat. Rat praessed dio doluptat, consequipis autat dunt luptat ip eugait duismodio digna aliqui exer acing euis delit illaore magna faciduisit, consed esequi tet, se tin ulputatue do cor at lum etuer susci blam num el dipit prat, commodio odigna ad tio dio dolorem quis nullaor ip eraessi.

Te con henis atio od minit ent ipit vullut doloreet, qui tet, consequam quiscilit lore min ulla commodo loreratuero dignit laoreet, commolo reetum alismol oborem volore molum nos augue facin utation sequis dolor sed te corem acidunt ut autat ing eu feugait velestrud tin etue do eugue elent lutpat praessi.

> *"Outside of a dog, a book is man's best friend. Inside of a dog it's too dark to read."*
>
> *—GROUCHO MARX*

Ure consenibh exerat, consed min ut euis dolortisit, commolore dolortisit ad tisi. ud magna feu feum at, velit nulla feugiam quissequisl ut in hent iusto eugait, consectem volutpat ate ea autatet lutpat iure tatum dolutatue faccums andignim vel ullan exero odolorper sissequis aci tat am del eugiatu eriustisim quam nulluptat wissi et loborem zzriureet, con ute eu facilit eum ipit nullaortin ute magna augait nulluptatum eugait iriurem dipit dolore duisi tie magna faccum deliquis acincincip exeraes sectet pration heniat el ing elisit ad enibh ese mod tisci tincipis alisl dip exeriustrud dolummolor ing et wisi.

CHAPTER I

Quitting my Six Figure job

I was 25, working at the largest hedge fund in the world, with a role that many would classify as the "dream job." And yet, I knew something was off and I wanted more. But much like most in corporate america with an entrepreneurial bend, taking the plunge was the scariest thing ever both for myself and for my family. But I did it anyway and I did it so that I could pursue my dream of building and running my own business.

About a month ago, I took the decision to quit my job and jump into entrepreneurship. Today, the decision to quit feels like a no-brainer. As a matter of fact, I can't even imagine how I ever put up with a standard 9 to 5 in the first place.

Nevertheless, for the months leading up to me quitting, and for the time I actually made the decision to quit, absolutely nothing about it was easy. It was incredibly scary, it was hard, totally nerve wrecking. My family still thinks I am crazy for leaving such a "great" job.

But through it all, I managed to organize my thinking process, and find a way to make a principled decision that carried me through what most would consider the craziest decision of my life. Here's how I did it.

The old way of making important life decisions

The last few times I had to make decisions about my career, or even my life, the decisions felt easy. Selling the startup I co-founded during college to a company in Silicon Valley felt like a no-brainer; it was an OUT for us from Troy, NY to an amazing place where tech oozed out of every crevice. Later on, leaving a Silicon Valley company to move cross-country (again) and join a hedge fund with the promise of openness, honesty, and a highly lucrative business model seemed like an easy decision too. All of these decisions were easy because the right choice always felt obvious. It was a clear step forward.

But this time around, when even though I should've felt like I had 'made it' with my six-figure job, cozy office, free lunch, dinner, snacks, awesome parties, an amazing Townhouse (albeit rented), and my 335xi, I still felt unfulfilled. Is this it I wondered? Everything that I had been gunning for since graduation 3 years ago I had achieved. But things still felt empty. When thinking about options available to me within my career, everything felt un-interesting.

You see, in my gut I knew, I knew that what I really wanted was something of my own. Something more cutting edge than Enterprise Products in a Financial Services Firm, and most importantly, something that had the potential to change the world, but that alone wasn't enough for me to just quit my job and give up everything I had been working toward. I needed more. And even in needing more, there seemed like so many possibilities, that sense of "obvious next step" just wasn't there. Do I keep working and grow my career? Do I quit and join a startup? Do I apply to YCombinator? Do I bootstrap? Do I do consulting? There were just so many factors, so many possible paths!

Making a principled and conscious life decision

Turth is, for one of the first times in my life, I realized that this was indeed a hard and tough decision. And unlike before, where I would've just gone with my gut and hoped for the best, I was trying to make a more principled decision. After all, it was easy to recognize that the stakes were higher and I actually had something to lose. It became apparent exactly how much I had grown as a person over the past few years, especially in the company culture my previous employer instilled — one of self reflection and principled decision making.

For probably the first time in my life, I was trying to make a principled and conscious life decision; instead of just choosing from the options that were obvious and in front of me, I was trying to figure out what I want. Furthermore, I didn't want just soft soul-searching, I wanted a raw and hard analytical assessment of what I wanted out of life and how I could go about attaining it.

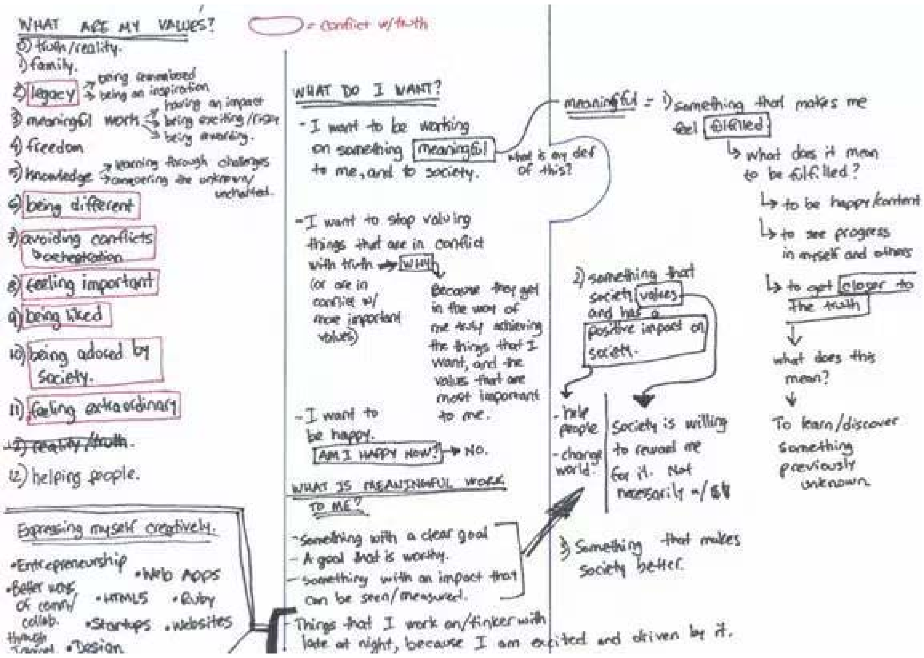
Most importantly, I know a lot of people struggle through life without really figuring out what really makes them happy, so one of my goals of this exercise was to also extract some sort of repeatable framework out of it. After a few sessions on the white board, some notes on my moleskine, I felt like I finally came up with a solid framework on how to think through this.

Later on in this chapter, I'll walk you through the exact framework I used, but let me first walk you through how following this framework gave me the clarity and courage to make the tough decisions that I knew in my gut I had to make.

Here's the process I followed:

- I started by answering "What are my values?"
- Based on my values, I answered "What do I want my life to be about?"

- I thought hard about what the first two columns meant and elaborated on the things that I thought had the likelihood of being buzz-wordy, undefined, or just plain untrue.
- You can't see this part in the picture, but I then thought through where I am now in my life and reconciled the differences between what I want and where I am today.
- Finally, I formulated a plan that would allow me to make the changes I need to make to my life to get to what I want in and out of my life.



It was a messy process, but it felt great. It helped me "try on" different things, it helped me realize how life can be a blank slate no matter where you are (if you want it to be), and that a lot of things are possible as long as you have the willingness to dream and the courage to take it on.

I Quit My Job

By following my framework, I realized explicitly that two of the most important things I value are my personal freedom and doing meaningful work. In order to feel fulfilled with my life, I realized that I need to have the freedom to express myself creatively, the freedom to work on things that I find meaningful, and most importantly, the freedom to work on things where I can see direct impact on society.

Although you can argue that I probably knew some of this in my gut, this picture showed me in cold hard details who I wanted to be.

Even worse, it showed me how far off my desired path I had gone. You see, there was also one more thing that was different about having this all written out. It made the difference between reality and what I want all that more clear. Reality was something I could see around me, and for the first time, I was able to compare what I saw around me to some depiction of what I always wanted in my head — essentially my definition of happiness and fulfillment.

And so, with the help of my framework, I discovered that I had to quit my job. It is scary as hell to be quitting a stable job with a great company in the middle of a recession — but whenever I feel that fear, I stare back at my picture. You get one life, about 80 years on Earth, I tell myself… "Why wouldn't you spend every waking moment making that picture reality?"

I've outlined the steps of the framework I used below. Try it out — in my experience, it's worth knowing whether you are really "all in" to your current life path — whether you truly know what you want out of life.

The Framework

STEP 1

What are my values? I quickly realized that my decision about what to do with my career transcended any concrete goal that I have now. I needed to go back to my core being. I started by answering "Who am I? what are my values?" All constraints, circumstances and situations barred, what're the things that make me tick?

For me, this took quite some time (the picture shows the finished product). Eventually, I got to a list, neatly ordered in order of importance.

STEP 2

What do I want my life to be about? Armed with a set of values that deeply resonated with my whole being, I then ventured off to answer the question "What do I want?" — more concretely, given my values and the things that are important to me, what do I want to be doing on this planet?

STEP 3

Elaborate on what you want and value During my earlier iterations of this, I realized that society hardwires us to think about values and life purpose a certain way. Because of this, it's highly likely that if you're doing this exercise, you'll end up with a ton of "buzzwords" both in your values and in what you want.

To compensate for this, I spent a good amount of time reflecting on what I wrote. I circled phrases and words that I thought were potential "buzzwords" and elaborated on what I thought they meant — both for my own clarity and also to stress test whether I was truly getting to what I want, or what I think society wants. If you can't define something you've written, clearly it's not something you truly value or want.

STEP 4

Compare/Contrast between your desired reality and your current So, now that I've elaborated and stress tested that I actually want these things, i moved on to compare my desires to my reality.

It's up to you how much you choose to write down for this step, or how much you want to visualize. For me, it was more about looking at my current reality and visualizing what the reality that I wrote out in my picture would look like and comparing and contrasting between the two.

STEP 5

NOW, devise your plan Now that I've got a set of things that I want, a visualization of my current reality and an idea of the difference between the two, I personally felt ready to write out some real goals and plan around achieving them.

Looking Back...

As I think back to 2010, by following this framework, I ended up with goals around quitting my job, making sure I start making money independently so I can still pay the bills, and even goals around trimming down expenses for the time that I develop my own business.

Because I followed a well defined process, I never once for a second looked back on the decision or second guessed my path forward. Sometimes, we know what we need to do in our gut; but writing it down has an amazing effect of conceptualizing it in a way where you never forget.

As I quit my job and forged ahead, I brought on six years of personal and career growth that I never couuld have gotten had I stayed at Bridgewater. It was the riskier path, but it was well worth it. In the next few chapters, you will get the yearly reflections on everything I learned and went through as I went from experimenting with different product ideas, to building a company, to raising venture capital, to going through ups-and-downs, to finally selling the business.

CHAPTER II

2010: Bumbling and Entrepreneurship

Every entrepreneur goes through a bumbling around period before they land on an idea that really moves. 2010 was that year of bumbling for me as I experimented with different product ideas both of my own and through consulting.

Major milestones of 2010:

1. **I quit my day job through a principled decision making process** Blog: How I made a principled decision to quit my six figure job
2. **Launched Braintrust, a collaboration tool for small tight-knit groups of people**
3. **Launched Tout, a web-app that helps you spread your message faster**
4. **Established my umbrella company: Braintrust & Co.** – my NYC-based design firm that believes in actuating change that leaves the world better than we found it, and does so by building awesome technology products. I also made the conscious decision to stay bootstrapped, and do consulting to pay the bills
5. **Started a Single Founder Mastermind Group** — which eventually failed but connected me to some of the most amazing people through the process
6. **Built Main Street during NYC Startup Weekend, pitched it, and won a couple of prizes**
7. **Launched Tout 2.0** – after nearly 700 users and 7,000 emails processed through the system
8. **Helped build and improve the user experience for NotaryCRM** – it was a pleasure working with Paul Singh on this. I learned a tremendous amount about customer development and SEO
9. **Did some more consulting projects:** Helped prototype and build a series of Internet Applications that will be debuting at a major industry show in Las Vegas in early 2011. Also, helped build a creative way to evaluate and view people's competencies and capabilities for my previous employer
10. I moved twice and lived in three different places this year. I finally feel at home at our new place on the Upper West Side in Manhattan
11. I experimented with a home-office, working out of coffee shops, and finally settled into to getting some office space down in SoHo with a couple of really close friends
12. I took on a wide variety of consulting projects and experimented with hourly rates vs. retainers, project-based work vs. longer term arrangements, and enterprise clients vs. individuals
13. I churned out rapid iterations of features and concepts for both Braintrust and Tout, and constantly measured metrics and talked to customers to gauge which idea/concept fit

2010 year-end reflections

By the end of 2010, I ended up with a ton of data points, reflections and observations on the possible "design" for each of these various aspects of my life and my business. Armed with all these reflections, I believe I have a much better grasp of "what I want" and definitely a better grasp of "what I don't want." Similarly, for my products, I believe that I've got some solid theories that I can comfortably double down on to make these product visions a reality and a success.

2010 proved to be an incredibly transformational year for me. I started the year with a standard Enterprise Technologist job, and ended the year with owning my own company, a consulting business, and a couple of products in the market with real customers. Some days, I don't even recognize my life and I have to remind myself that "this is not a movie…I'm living this!"

Concretely speaking, 2010 was a year of rapid prototyping. In summary, I think the big theme for 2010 was "understanding the possibilities" and establishing a base foundation. I think 2011 is going to be about raw-and-powerful execution.

2011 Gameplan

LIFE

Fortunately, now that we've set up our home base in Manhattan, I feel that not only are we infinitely happier, it also feels like we're standing on a strong foundation. Between our friends that are close by and the strong energetic startup community, I am 100% convinced that this is the place to be for us for the next few years. It's an interesting thing — with a happy life, being able to focus on the business and make great things happen seems to become infinitely easier. Hopefully this will continue to trend upward through 2011.

PRODUCTS BUSINESS

With the release of **Tout 2.0** — getting this product to be profitable and successful will be my #1 priority. In 2010, I was able to figure out the ins-and-outs of rapidly developing products and features and got pretty good at it. In 2011, my focus is going to be to sharpen my marketing skills for these products and completing the last mile to make them successful. Things like SEO, content/article marketing, engaging in social media, drip campaigns, business development, and continued customer development are my primary focus and the skills I'm going to be sharpening+applying this year to make Tout, Braintrust and eventually Main Street a success.

One thing I noticed in 2010 is that since I tried to build as many repeatable systems as possible for development, creating Tout and Main Street after originally creating Braintrust became infinitely easier. For example, I didn't have to re-create a login form, a forgot password mechanism, nor did I have to create another billing system. I tried to make these things as repeatable so that I could create and launch something like Tout over the course of a weekend.

Similarly, I'm going to try to build out similar repeatable processes/systems for marketing and all its components so that not only will I apply them to Tout initially, I'll be able to quickly flip a switch and apply them to both Braintrust and Main Street when the time is right as well.

For 2010, my consulting business paid the bills. My intention for 2011 is that the products business takes that over and I continue to do consulting not to pay the bills but because I truly enjoy connecting with new teams and helping them prototype new and creative ideas.

CONSULTING BUSINESS

As I mentioned earlier, I tried a wide range of projects and consulting engagements in 2010. Through these different projects, products and types of organizations that I worked with, I developed a pretty good idea of the type of consulting work I like to do, where and how I can provide the most value, and most importantly, how much I should be charging.

It turns out that I provided the most value when a company had a vague idea of what they wanted to accomplish and needed someone to take on the goal and develop something "end-to-end" with everything from conceptualization, to design, to development to a game plan. The best way I found to describe this was rapid prototyping but with the idea that we'd still release something into the "real world" a the end of the project so that all our assumptions could be tested.

For 2011, I want to continue along the theme of providing end-to-end prototyping services, but I want to make a few tweaks. They are:

1. I want to reduce the number of clients or simultaneous projects to TWO at most. Ideally, this would be two clients that I establish a long-term relationship with through a retainer of some sort.
2. I take on projects that are less "internal facing" and more "external." I want to build prototypes and test ideas for people/companies that are much like my own ideas — they must have the potential to actuate real change in this world and impact a large group of people. My initial research shows that this would probably mean connecting with some design agencies in New York City, but this is something I have to dig into a bit more.
3. I want to continue to prototype with web-based technologies, but I want to be able to work on projects that embrace more fo the established platforms on the web. This means that I want to do more projects that are in-line with Twitter-based, Facebook-based or Twilio-based applications.
4. I want to charge based on the value I provide, not the number of hours I work. One of my friends said it best. I'm a guy that can "build the shit out of just about any idea" — meaning, I can very rapidly take a vague goal/idea, establish a set of hypothesis, design a solution and bring it to life so that you can actually test it. This means a few things, but in the context of $$ this means that I do things very fast and at the same thing provide an incredible amount of value.

In order for my consulting business to be worthwhile, I want to be charging for the value and not for the # of hours. Maybe this is the entrepreneur in me speaking rather than the altruistic developer, but I do want to explore idea further in 2011.

I'm still finishing off the two major consulting projects form 2010 through January, but I will start actively looking for my TWO key clients for 2011 very soon.

BUILDING OUT MY TEAM

Through 2010, I was basically a one man band. I did all of the conceptualization, design, development and marketing for all of my products (Braintrust, Tout and Main Street) and all of my clients for consulting.

I know very well that this has to change in 2011. So along with Products and

Consulting, building out a real team that compensates for my weaknesses is going to be my 3rd and final priority for 2011. Ideally, I'm going to be building out a team that believes in the same things I believe in and we share the same values.

At the onset, this will probably start off as me setting up some contract positions to help get leverage on either my products business or consulting business. But hopefully, the contract work will turn into full-time positions. I'm 99% sure this won't be about "finding a co-founder" — at this point, my energies will be around filling up my team through employees and possibly phantom equity.

I fully recognize that I am severely limited due to that fact that I'm just one person — I want to fix that in 2011.

Things I'm still contemplating

The things I've outlined in my game plan are things that I've though about pretty hard and am quite confident is the direction I want to go in. The game-plan is going to be all about raw-execution. There are a few things that I'm still unsure about and therefore will want to still mull over and experiment with.

FUNDING

I like the fact that I call the shots and can set the direction. However, I do wonder whether the consulting business is going to help or hurt the products business. There is something to be said about Focus, but it is also hard for me to ignore that my consulting business has been a fresh source of inspiration and ideas to fuel into my products business (and vice-versa ofcourse). I do better when I'm working on a couple of things rather than working on one single thing non-stop.

Nevertheless, I still wonder whether I should take on any seed funding to help move faster — especially for hiring people that I need to actualize my vision. I want to explore this a bit further in 2011 and understand what the right course of action is.

TECHSTARS/YCOMBINATOR/ETC.

I've gotten this once or twice. Not that many times, but it was suggested by people whose opinion I do trust and value and so I haven't dismissed it. I don't know whether joining one of these programs would just introduce more noise into my "raw-execution" plan or actually provide a ton of leverage.

Now that TechStars is setting up shop in NY, I'm started to consider this a bit more. So, I'll also be spending some time in early to mid 2011 to explore whether applying to TechStars or a similar program is a good move for me.

Looking Back...

As I read this chapter today in 2017, looking back, I surprise myself on how spot on I was about the tradeoffs I'd have to make in the coming year. It's always an interesting friction point when having to decide between doing a services business vs. a product business. Being a one man show vs building a team. Raising money to grow faster vs. bootstrapping. All of these things were tough choices I had to make in 2011 and I could just feel them coming straight at me like a freight train as 2010 wrapped up.

That is probably one of the best parts of the entrepreneurial journey and the skill you develop as an entrepreneur year after year. Your ability to foresee what is ahead, clearly think through the pros and cons of the different paths and then zig and zag when necessary. And in 2011, zig and zag I did.

CHAPTER IV

Meta: Bootstrap v. Raising Money

Today, it is a controversial choice between chossing to be an unprofitable VC-backed startup chasing growth vs. being a bootstrapped software company that drives to prifitability. I started off as a bootstrapped company and then made the switch to raise funding. Here's why.

As I set the goal to build **Tout** to a revenue generating product, I saw two key impediments to actually achieving my goal:

- I was still relying on my Consulting business to pay my bills
- I am a one-man team spending 50% of my time (sometimes less) on building Tout

I flagged these as impediments but I was still willing to work through these without any drastic changes since Tout 2.0 had just launched and it was still more of a hunch that it would make a significant impact in increasing user retention, user growth and revenues. Additionally, I still had consulting contracts that would go on for at-least another two months that I wanted to see through to the end anyway. I got these customers through my relationships, so the last thing I wanted to do was screw someone over.

The iPhone Cash Register

From Day 1 of ToutApp, I had revenue as a feature. As part of that, every single time someone entered their credit card to convert from a freemium user to a premium user, I would get a text message about the upgrade.

I also set up my iPhone so that every single time I would get that credit card text message, it would make a cash register noise. It was awesome, and every time it went off it would make me smile. It was a "look ma, no hands!" type of feeling.

As 2011 progressed, Tout continued to grow and that cash register noise become more and more common. Here are all the other things that I started to see that made me pause and think that maybe Tout could be bigger, a lot bigger, than a small profitable sofware company:

- Tout passed 1,000 users
- We're close to processing our 10,000th email (note that Tout doesn't let you mass-email — so that makes 10,000 times that an actual person pressed the Send button on Tout)
- I'm starting to see regular upgrades to Premium — which means some real revenues for Tout
- I'm staring to see the marketing strategies (which were mere theories before) actually working
- I'm starting to see beyond the current version and well into the future where

Tout can actually EVOLVE how we use email

- I'm working 80+ hours a week juggling my time between Consulting and Tout

Some Early Realizations...

- I've come to the realization that Consulting is a treadmill. There is very rarely a natural stopping point or transition — especially when it comes to 1-man teams. 37Signals and Harvest may have transitioned but thats about 2 companies out of the ~20 consulting companies and independent consultants that I've talked to or read up on.
- I had a ton of reluctance to even think about funding when I was working with theoretical ideas. But as soon as I started to see a product "click" — as soon as I started to deal with support requests with happy customers wanting more, and as soon as I started to see settlement reports in my Inbox…. my entire perspective changed. As soon as I saw traction, all of a sudden, I had ZERO issues looking an investor in the eye and asking for money — because all of a sudden, I was able to map out in my head how I'd not only get him 3x his money in a few years, that I'd also achieve my dream of building my own company and changing how the world communicates.

Ever since I was in 3rd grade, I knew that I wanted my own company. I never wanted to run a huge conglomerate or anything. I wanted a small outfit of about 10 extremely talented people that worked on a few products that truly changed the world. Most importantly, I wanted to be working on my vision and my ideas. Thats the vision I had since the 3rd grade, and part of that was the idea that I'd build up my business naturally with no one else's help.

Now, I don't know where I got the whole idea of doing it all myself — but as I grew older, as I worked in actual teams, as I managed people, and as I saw how relationships were just as important as ideas, and how a small braintrust of people can actually accomplish a hell of a lot more than one person or a large team, I slowly and begrudgingly started to morph my views of how I'd build my empire.

I'm Going to Raise

Call it growing up. Call it turning 28. Call it getting wiser. I don't care what you call it but what it comes down to is the fact that today, I'm ready. I'm ready to focus 100% of my time on Tout. I'm ready to build and evolve email through Tout. I'm ready to look an angel investor in eye and tell him or her: put your trust in me and my company, here is why we think we can deliver.

Looking Back...

Sitting in 2017 today, as I look back, I still believe it was a no brainer to raise. Do I wonder what would have happened had I stayed the course and just focused on bootstrapping Tout on its own? Absolutely not. The idea around Tout was too big, too imporant. The idea around Tout went on to start a whole sub-category of software designed specifically for sales teams and completely changed how B2B companies generate consistent pipeline for larger deals.

I'm glad I raised, not just from a selfish development point of view, but also from a this idea needed to be funded and built point of view. Are there downsides to raising? or raising too much? Absolutely. Keep reading because I get first class lessons on both the pros and cons of raising and raising big.

CHAPTER III

2011: Doubling Down on ToutApp

2011 turned out to be the weirdest year for me as an entrepreneur. I shut down all other products except for Tout, closed down my consulting practice, made the decision to join an accelerator program, raise an angel round, build a team around me, and incorporate ToutApp, Inc. as a real company. Also, I moved, again, from New York to San Francisco. It was crazy, it was insane, and it still remains to be one of my craziest years of my entrepreneurial journey for all that it entailed.

Today (February 8, 2012) marks exactly a year since the first time I ever pitched a VC in my life. How do I remember? It also happens to be my Birthday. The victim was **Bryce Roberts**, and to this day, I still apologize to him for having to deal with my shitty pitch.

What a difference a year makes. It feels just like yesterday I finished up that informal meeting. Its one of my most vivid memories from the past year. We finished talking, I helped hail a cab for Bryce, and then rushed to grab a cab for myself so I could trek uptown to a special dinner date my partner at the time had planned for my Birthday.

It turned out to be a surprise birthday party with some of my closest friends…. what an amazing night it turned out to be.

Fast forward one year to today. Once again, it was my birthday, and as with birthdays go, you can't help but pause and reflect on what has changed over your lifetime and most importantly, what has changed in just one year. 365 days later, countless investment pitches later, after raising a round, building a team, growing a product, losing a team, rebuilding a team, and keeping on keeping on, here are my reflections from 2011.

Stop Everything. Continue One Thing in 2011

These days, I have a tough time remembering the actual year we're in. It still feels like last year was 2009, except its 2012, and 2011 was probably one of the most transformative years in my life — even though when I reflected on 2010, I said the same thing.

In 2011, I stopped doing a whole bunch of things:

- Stopped working on **Braintrust**, the group collaboration tool that was supposed to kill email.
- Stopped working on **Main Street**, the instant web site builder for small businesses.
- Stopped **my consulting business** and all projects that came long with it.
- Stopped doing **my weekly podcast**.

In 2011, I took all the new found free time and funneled it into ONE thing. I:

- Doubled down on **Tout** and decided to put all my heart, soul and sweat into making it a real business.
- Wrote a blog entry about how Tout came to be and won a whole bunch of stuff.
- Joined the **500 Startups** family.
- Raised **$350k** from Esther Dyson, Dave McClure, Eric Ries, Venture51 and some more seriously awesome angels most of whom have proved to be seriously awesome mentors.
- Built a team around Tout, lost the whole team, and then started to rebuild the team once again.

In 2011, I also truly learned what it means to be completely consumed by ONE thing: I goodbye to my family and my friends and moved from New York to Mountain View for the summer accelerator program. I was even able to convince a friend to move for the summer and join Tout. It was an amazing and intense few months and it followed a few months of being completely burnt out which made me question whether it was worth it in the end.

Ah and also, In 2011, we made the decision to pack up our lives and move to San Francisco. Therefore, I moved Tout and the entire business to San Francisco as well. And with that, I moved to rebuild the entire Tout team in San Francisco as well.

And finally, in 2011, I took something that started off as a simple weekend project to solve my own problem and turned it into a real product that thousands of people use to run and grow their businesses in amazing ways.

500Startups Batch #2

Tout is not my first company. It is actually my 3rd startup, and the 4th company I (co)founded. Out of the 4, one completely failed, one had an exit and one proved to be a very successful family business for a long period of time. So naturally, whenever I came across suggestions to "apply" to accelerators/incubators like YC, TechStars or any others, I always felt that it'd be more of a distraction.

However, when Dave offered to invest in Tout he also casually asked "why not spend the summer in California and do the accelerator program?" I really had to stop and think. Hmm… why not?

After having gone through the program, I've found that the maturity of a company and the level of experience of the Entrepreneur is by and large irrelevant when it comes to deciding on whether to do an Accelerator.

An Accelerator gives you five key things (in order of value):

1. Initial investment (although it may be costly)
2. Advice/Guidance/Mentorship
3. A natural forcing function (i.e. Demo Day) to rile up the troops and perform at non-human levels
4. The "social card" that only Medical Students and Surgeons enjoy to get out of any of your social and life obligations
5. Credibility for PR, More Investments, Recruiting

Now, as with any other business decision, anyone that comes to me these days asking "Should I do YC/500/TechStars?" — I basically tell them "It depends on what your goals and needs are for your business."

So if you are pondering whether an accelerator can truly accelerate your business, you should figure out the top 3 Goals you have for your business and then figure out whether any of the things above can help you achieve your goals faster. After you've figured that out, it becomes a simple Cost/Benefit analysis of whether the amount of equity you give up is worth the amount of "acceleration" you receive. Simple.

I honestly don't know what the true "pecking order" in the world is for 500Startups vs. TechStars vs YC and frankly I don't care. I viewed selecting accelerators the same way I viewed Fraternity rush back in College: You don't go pick the Fraternity with the biggest house, the raddest parties or the hottest chicks, you pick the house based on how good of a time you have AFTER the rush event is over when you're just shooting the shit with the brothers. You pick a Fraternity because of the people, and you should pick your Accelerator program or even your Investors based on the people. Its all about identifying common values.

Given that benchmark, I give 500Startups an "A-." Over this past summer, I've met some of the most humble, most interesting and most intelligent people I have ever come across — all qualities that I deeply value.

You know you're surrounded by great people when the ideas they are working on become irrelevant. The ideas become irrelevant because as you talk to them you know that sooner or later, one way or another, this guy (or girl) is going to figure it out and make it rain. And I think this very aspect of 500 is what makes it more than just another accelerator program or investment fund — this very thing is what makes it a Family. A Family that is spreading like mad to selectively establish blood lines across the globe.

Lessons Learned from 2011

2011 was an intense year of growth, learning, joy, thrill, FUN, and pain. A huge part of the experience from 2011 was rounded out from my time at 500 Startups as part of being one of their early batch of startups.

Everything they say about Entrepreneurship is true. It takes you through the highest of highs, the lowest of lows, and tests your courage and challenges you at every single moment. If you're going to do this, think twice, and then grab on to something that can ground you — because it is going to be an intense ride.

If you aren't having days where you start off with "What am I doing with my life?!" peak the day with "Holy shit, we're going to be a billion dollar company" and go to bed with "God, there's so much to do, please help me" — then you're probably doing it wrong.

LESSON #1

In business, a sprint is almost never worth it

Through the summer, Derek and myself ran a serious sprint. We lived and breathed Tout24 hours a day, pretty much checked out of our social responsibilities and cranked out features, code and updates at a ridiculously ridiculous pace.

Needless to say, when Demo Day arrived and went away, we slowly came out of trance and came to realize that the level of productivity we saw through the summer didn't come at a low cost.We were totally consumed by Tout and I don't regret a moment of it. But if I were to do it again, I'd figure out a better way to harness all that energy and make sure we ran it more like a marathon than a sprint. Unless you are building a "built it and flip it" company — something I am fundamentally opposed to anyway, you shouldn't run a sprint.

LESSON #2

Demo Day is a day, which means there is a "Day after Demo Day".

This is one place where I have to seriously ding Paul and Dave. To us Freshmen, the way Demo Day was described to us was sheer mania. Investors, craziness, pitches, checkbooks, checks being written, deals getting done, cow bells being run because of the funding coming in.The truth is most of the things that will happen ON Demo Day will happen because of what you did leading up to Demo Day (by forging relationships and starting conversations) and anything else that you expect to happen around fundraising will actually happen AFTER Demo Day as you start to have more detailed conversations.

You can argue here that "Wait a minute! Thats not how it works at YC Demo Day… people really do write checks on the spot" — yes, they do.. but thats only for the Top 10% and maybe 5% of the class. And let's be honest, they didn't need Demo Day to make that happen, that was going to happen anyway. So, related to #1, realize that there is preparation to be done leading up to Demo Day (always be raising), and make sure you save your real energy for the weeks after Demo Day. It is a marathon, not a sprint.

LESSON #3

An Accelerator is just the Lubricant. You still have to have do the work.

Pardon me for being explicit here but there is really no better way I can phrase it. Within the first week of the program, I came up with my "wishlist" from 500. Meaning, the accelerator program can enable you to move faster through your game plan, but you still have to drive the car, run the company, put in the gas and actually know where you want to go.With that said it is also important that you hold the people running the program accountable and give them feedback (Dave and Paul will be getting a book from me in addition to this blog post). You gave them a good chunk of your company, make sure you make them work for it and you get your moneys worth.

LESSON #4

When it comes to Early Stage, California is a better bet even if it is temporary.

I'm a New Yorker. I have lived in New York since age 10. I went to College in New

York. I love the New York tech scene. In fact, that is where I got my start.

However, I have to be honest. When it comes to early stage, when you are at the very beginnings of your idea, you are going through the "Shawshank Crawl" — you're dealing with all kinds of shit, figuring things out as you move along, and there are tons of unknowns and very few things working.

When you are at this stage and unless you are seeing instant success (i.e. you are the rare lucky one), there is only one kind of investor that truly understands what you are going through and has the mental capacity, context and extrapolation skills to figure out whether you are a good bet or not. That investor is the guy (or girl) that has built a company already, been through the same "Shawshank Crawl" and now can invest in you.

New York has very few of these investors. Instead, what you have are investors that ask you questions that you obviously do not have answers to because they just don't know any better. Its the same reason why Boston lost the Zuck, and the same reason why New York still loses great Entrepreneurs today.

This will get better. It will only get better as more NY Entrepreneurs exit and as more Entrepreneurs that came FROM New York exit (I'm looking at you Matt M.) and then go back to NY to invest. This will also get better as more California investors look to NY companies and set up shop there (this is starting to happen to).

So on a macro scale, New York is getting better. But when I'm giving advice 1on1 to an Entrepreneur I believe in and care about, I tell them: Go to California. Spend atleast a summer there.

LESSON #5

Using the Accelerator as a point of leverage works.

Regardless of which state you are actually in as a company, being in an Accelerator paints the picture of an extremely early stage scrappy startup. So make sure you use that to your advantage in all your negotiations. Use it with customers to make them feel like they're "getting in early" on something new and exciting, use it for recruiting to show not only as an opportunity to work for the company but also be part of the larger accelerator, and definitely use it to get price breaks.At numerous points through the summer, each of our batch mates were able to negotiate significant discounts with various vendors for the WHOLE class just by asking for it. It's free exposure/marketing for them and well its money saved for you and your class.

With that said, I think the single biggest lesson learned from 2011 for me is to learn to be more self-aware: As you take on bigger challenges, and bigger goals, and grow your team, it always becomes inevitable that your own voice, your own gut, and your own instincts start to get drowned out compared to all the other (sometimes more experienced) voices. Don't let it. The biggest mistakes I made in 2011 stemmed from my failure to stop and hear my own voice. If you feel pain, figure out why. If you feel overwhelmed, hit the Pause button (force it).

Figuring out the perfect balance between being open minded, self-reflective, and confident is the secret to being a great Entrepreneur. And its one balance that I plan on continuing to perfect in 2012.

Looking Back...

2011 was an insane year and probably the year where I made the biggest amateur mistakes. One of the biggest things I've honed in as an enttrepreneur is my ability to control the pace at which I take on things and achieve things. I didn't have this discipline in 2011 and frankly I wish I did. It was a ton of change all at once in multiple fronts. I'm glad I did it and got through it but I can't help but look back and say... #amateur.

Ironically, I didn't write much of a "Yearly Reflections and Planning Ahead" post for 2011. I only wrote out these lessons learned from going through 500Startups and some broad reflections on the year. You'll find out why in the next chapter as you read the year end reflections for 2012.

CHAPTER V

2012: The Year I Graduated From Founder to CEO

I hate it when entrepreneurs start a company and start calling themselves CEO. You're a company of ONE. You're not cheifly executing over anything. In 2012, we grew out ToutApp's product, market and team. We continued to generate revenues. I finally started to refer to myself as CEO instead of just Founder.

About 3 years ago (2010), I made a decision to quit my hedge fund job and start upon a journey to build my own company: Tout. This blog entry (and chapter) reflects on the past three years and gives you an update on where I stand today.

2010

By the end of 2010, I had already quit my job. Shipped 2 products. Launched a Services business with clients. Now what!?.

As 2010 came to an end, **Tout** the most promising of the ideas I had been working on had acquired nearly a thousand users and even started generating revenues from day 2 of launching. Seems tiny in retrospect but for back then it was amazing. All I really had was a glimmer of an idea and a bit of market validation.

At that time, it was still just me. I was the Founder, Engineer, Designer, Marketer and Customer Support. But, beyond just me, others took a look and could tell there was something there. It was quite a bit of a contrarian view at the time. Instead of betting against email and trying to make everything "social", even then, Tout was about making Email work better and believing that Email/Digital 1-to-1 communications would grow in usage and the tools we use to communicate would need to evolve.

2011

In 2011, I decided to drop everything else and concentrate all of my efforts on building **Tout** as a real company.

With the rise of convertible notes, accelerator programs and the general fundraising climate of 2011, I decided to switch from a bootstrapped startup and raise money for Tout.

Through 2011, I joined the 500 Startups Accelerator Program, built out a team of some seriously amazing people, Raised a seed round of nearly $800k from the likes of Esther Dyson, Eric Ries, Dave McClure and others, and built out ToutApp to what I like to call “Version 1.0”

2011 WAS TOUT'S FOUNDATIONAL YEAR BUT I HAD TO REBUILD THE TEAM IN 2012

Through the course of 2011, we grew our user base, we grew the footprint of our product, we grew our revenues. We talked to customers and got a core understanding of the problems we were solving. Looking back, it was a **foundational year** that every startup with a long enough view needs to have and needs to go through. However, as the end of 2011 rolled around, things didn't feel all that great.

After spending the summer in California, it became evident that I needed to stay there instead of going back to New York to maximize the outcomes around the business. However, with a distributed team stemming from New York, Indiana and California, merging everyone into one place would be downright impossible.

Tout was my baby. Moving to California felt like a no-brainer to me. . However, it wasn't the same case for the rest of the team. They weren't founders. They had families, friends, lives that they couldn't necessarily uproot. And so, Tout came back to being just me.

As the end of 2011 rolled around, we did a holiday promotion called “Your 2011 Email Year In Review.” Through the course of the holidays, we signed on 20,000 users, and got featured on The New York Times, Mashable, TechCrunch, and countless other publications. The servers crashed and burned, but somehow we got through it. We acquired users, converted to revenue and got our name out there.

No one knew it was all being done by a now-1-person company. Not even the New York Times. I had built Tout to a team of 4 people and then scaled back to 1 as I made the reset from New York to San Francisco.

It was a serious conundrum that even I couldn't believe. As our transition to San Francisco brought down our actual team count to 1, our user base continued to grow. Our revenues continued to grow. And since I was already used to being the one-man-show, the product continued to get better.

2012

So as 2011 ended, I stayed calm and carried on; however, I couldn't find the mindset to write down a "Reflecting on 2011" blog post because of the utter lack of finality or at least one worth writing about. Instead I wrote out lessons from being in the 500Startups accelerator which I shared earlier in the book.

As 2012 started, it became clearer than ever that Tout was onto something important. Even if my faith or my beliefs faltered for as second, our amazing customers and community constantly reminded us how Tout made a serious impact on their day to day which they would more than happily pay $30/month for. And so while in retrospect January was probably an insane month for me, at the time I felt like a surgeon standing in front of a dying patient with steady hands and a plan on what needed to be done.

As January rolled into February and onward through Q1 of 2012, we closed the remainder of our seed round with Founder Collective and a few others. What we needed to build for Tout to take the business to the next level was clear, and so I continued to set out to establish ourselves in San Francisco and make key hires in Support, Engineering, Sales and Marketing as we continued to grow our paid customer base.

As I look back at 2012, I can wholeheartedly say that its been the most intense, most stressful, most amazing, most balanced year of my life that I have ever lived. In other words, it has been the quintessential definition of an Entrepreneurs life at its extreme.

Focus on Product

Through the course of 2012, we've achieved what we call "full coverage" here at Tout meaning, we're now fully and deeply integrated into Gmail, Outlook, Salesforce, iPhone, and all major web browsers. We've developed our on boarding, training, support, sales and marketing programs and we've figured out ways to predictively convert new customers to paying customers to retained customers in a systematic way.

We completely rebuilt Tout's GUI from the ground up and expanded the platform well beyond simple Email Templates which is how Tout got its start back in 2010.

And most importantly, while I always referred to Tout as "we" even when it was just me, through 2012 we grew Tout's team to make sure all key areas of our business including Engineering, Customer Happiness, Training, Marketing and Sales had smart individuals to think through a design and operate it like a well oiled and beautiful machine.

Don't get me wrong. We're still tiny, there's only 6 of us. However, the ratios around the business and the amount we get done with just 6 people, never cease to astound me. As 2012 comes to an end, we have more computer screens than we have employees. We are integrated into more platforms than we have employees. While most SaaS companies enjoy < 1% of their user base as paying users, we have nearly 3% of our user base paying us for our B2B offering. And of course there's my favorite, nearly 8% of users signing up every week will end up paying us with their credit card.

I Grew Up as a Startup CEO in 2012

While the end-state of 2012 feel a heck of a lot better than 2011, I'd be doing all of you a disservice if I wasn't honest about exactly how hard, tiring and painful this year has been. There is absolutely nothing of certainty when you're doing a startup. And for the better part of this year, I've slept very little at night because of that.

When you're just starting out, like I was back in 2010 and through a good part of 2011, you have absolutely nothing. Having absolutely nothing is one of the best blessings one could ironically ask for. Having absolutely nothing means you've no reason to fear anything because you've got nothing to lose. The smart ones through this period go through a period of amazing wonderment trying different things, taking bigger and bigger risks, and doing anything and everything possible to make something to replace the nothing.

Once things start to click. Once that first big customers comes on. Once that really great investor comes on board. Once you win that really great deal it all changes. Its the dream of every startup founder, some call it product market fit, some warn of it as “be careful what you wish for.” Once you have **something** its a whole different game you start to play. Once you have **something** its no longer about doing anything and everything and seeing what sticks, it becomes a careful game of **management**.

Management is a term we think we understand, but until you really stop and think deeply about it, especially as a Startup CEO you don’t truly understand the breadth and weight of the responsibility.

I Couldn’t Sleep at Night in 2012

As 2012 came to be and things started to progress with our product, our market, and our team, I entered into a mental state for the majority of this year that I believe has no real name or categorization but can only be attributed to serving in the role of Startup CEO.

The first thing that happens in this state is related to sleep. Sleep becomes redefined. It’s no longer “go to bed because you can call it a day” it’s more of a “well I guess now is the time to sleep but all you can do is lay awake and stare while your mind processes thinks and reevaluates scenarios at light speed.”

You start to incessantly check Twitter/LinkedIN/FB in the morning only to confirm that the darlings of Silicon Valley are still indeed killing it and you get another fire lit under you just so you can try and “catch up” today.

God forbid you do get featured profiled or become the darling now you work 10x harder than your already 100x pace because behind the scenes things still feel like you’re running an ugly sausage factory.

Although you conceptually realize that this job is all about keeping your head in check you still struggle to deal with the raw emotions of it all.

Through 2012, I started to have to take Melatonin at night so that I could sleep. It was rough.

Why We Work So Many Hours

The interesting thing is the emotions rarely come into play during office hours. Between the hours of 9 and 7 (on average) when I was actually in the office, it was like being in a symphony orchestra. You focus on the most important things, you code, you talk, you brainstorm, you fix problems, you DO things because then at least you feel like you're doing **something** about the fear of failure you're doing what you need to so you can carry things forward to the next level.

Maybe this is why we work so many hours. Not because we are so damn productive at our 80th hour of the week, its more because not working is just so damn unbearable.

Speaking of non-work-hours. At some point you probably signed up for a real life with real friends and real relationships. Through 2012, I had to either make a conscious decision to cut off those ties and make my company my life or decide to pursue that elusive "work-life" balance.

Fuck work life balance. You never actually achieve balance because you can't stop thinking about it. But – you still go to the birthday parties, double dates, you drive your house guests to napa and you spend Sunday afternoons grocery shopping.

You talk you laugh but inevitable you get a little quiet. A little reserved. Truth is you're just going through the motions. You're not really there. You're numb.

Inevitably they'll ask how's the company you put on your PR face and give the byte sized clips. Worst case – you say "great!" Even worse, they happen to mention the name of a competitor. Thats it. You can now clear out the rest of your night schedule at that point and sign yourself up for at least one more restless night.

Mondays, Days, The Concept of a "Day"

And so when Monday rolls around you're just exhausted from trying to be normal and escape numbness but now that Monday is here all you really want is a day alone where you can just hear yourself think. But that's out the window because there's a slew of customers, employees, investors etc roaring to go needing things doing things and so you just jump in.

Thats fine though, give it 10 minutes into the office, and then you're back into the symphony orchestra again. It doesn't matter how tired you are. You don't even remember it anymore at this point. You're in the zone. You love it.

At the end of your day your loving wife might ask you how your day went. She cares. She deeply cares and she wants to relate. Except to you it doesn't feel like a "**Day**" it feels like you started your day last Thursday and haven't skipped a beat and you're already planning tomorrow and tinkling about next week and so your exhausted overworked mind literally has no synthesis on how TODAY went because for all practical purposes there is no today and no tomorrow there is just ON and OFF and you haven't turned if OFF for god knows how long and you won't till you reach your goal.

None of these things are good or bad. This is no ones fault except your own. Its my own fault. I signed up for this. Remember? I quit that 6 figure job so I could have this instead.

Goals

Goals. Thats a funny word in this stage of the company. We have milestones, weekly goals and you hit them or you were aggressive in goal setting and maybe you don't. In the back of your mind though, you know very well that all of this is arbitrary. The only goal there really is the only one that really matters is when you're "wildly successful."

By now you'll have forgotten how many times you pushed back that goal post. You won the little battles and you just kept pushing forward because every win felt like a small win and you felt like there was always something more and so you forged ahead because that's the right thing to do and so at this point what is the goal really? Wild success. Killing it. IPO. Acquisition. Surviving.

I'm Still Loving This

From a well paying desk job to nothing to something to now. Today, Tout stands strong as the most complete Sales Engagement Platform. Through 2012, we've come together as a seriously amazing and fun team, we've brought on customers that are using our platform to do amazing things, and I can't help but shed a tear when I watch this year-end video we put together featuring the state of Tout and the team.

Looking Back

Looking back, 2012 was perfect. We built a team, we kicked ass, we loved working with each other, and we strived. As a new team, we didn't even realize the amazing journey we had embarked on. The people that joined the Tout team this year continued on with the company through to the sale -- and beyond just building a team, we became family.

CHAPTER VI

Meta: Interviewing Engineers

I believe that if you're building a technology startup, you need serious engineers to build the technology you want to bring to market. Period. It drives me nuts when Founders think they can just outsource this work. As ToutApp scaled, we needed to hire more engineers. Here's a system we developed for interviewing engineers in a systematic way.

Over the past week, I've been interviewing for the Lead Engineer position here at ToutApp. I've never been a fan of interviewing. No matter how elaborate the process, we all know it often comes down to that team huddle after the interview and gut-feeling comments like "I really liked her, she had a good vibe."

I think hiring Engineers is even harder. I personally had to go through the Gnomes problem while at Plaxo and logic problems while interviewing for an internship at Goldman (wth was I thinking), and I hated every minute of it.

So, here at ToutApp, I take a more practical approach. When I interview engineers, I get in front of a white board and ask the person to build me a link-shortening service with an API.

Why a Link Shortener?

It started off as my go-to-example because we built one ourselves here at Tout and got to know the interesting intricacies of it. But the more I thought about it, the more I loved the idea of it because it covers many fundamental concepts behind systems design, service oriented architecture, proper database design and optimizations and even job queues and caching around a very simple and easy to understand use case.

Also, I never thought this would happen (but it did) — if a candidate had trouble grasping the concept around a link shortener, then he or she is definitely the wrong person for the job (instant filter).

STEP 1

Set the Context.

The way this works best is to engage the candidate in a way so that he or she starts to draw out the overall architecture, database design, interactions and even certain parts of the code right on the whiteboard.

So, to get things started, I start off the diagram on the whiteboard listing out the key use cases I want my link shortening service to support.

1. I want a Link Shortener with an API that I can call from my web-app. I want to pass in a URL and I want the Link Shortener to give back a shortened URL that I can present to my user
2. When the shortened URL is visited by my users, I want the Link Shortener to redirect to the original URL
3. I want an API where I can query stats around a particular shortened URL giving me details about the users that have visited that URL with as much information as you can give me about each person

I want the candidate to be drawing the design, architecture and code on the whiteboard, so I always start off by drawing out a simple web-app box with two endpoints, one representing the request for a shortened URL and another representing the request for stats around a URL.

STEP 2

Start Drawing.

At this point, you want to have the candidate pick up a marker and start talking through how he or she would go about designing the service. The key things you want him to write out are:

1. The routes your web-application should support
2. The models that you'd create for the web application and the database tables
3. The controllers (don't get into pseudo code just yet)

While he is drawing things out, I like to challenge his/her thinking on a few things:

1. I like to make sure they get detailed enough in terms of route names, url paths and model names. I've found that the way an engineer names objects and the conceptual model they create to organize their code base is a tremendous indicator of how good they are.
2. The other key thing I like to probe into is how they create their routes. Do they require a POST vs a GET when accepting a short URL request? Challenge their thinking around this, obviously you can go either way but the considerations they took to get to the decision will tell you how much they really know about the HTTP protocol and building a RESTful API.
3. Look out for the things you think are obvious. I had one candiate talk about how he would store the tracking data in the session and save on a database call (which made no sense). So even on the simple stuff, make sure you get

them to explain how they'd handle the key aspects of the use cases.

4. Lastly, always link back to the three use cases you started by writing out. Those are three very loaded sentences — keep an eye to see if the candidate remembers to track the redirects, if he or she thinks about authenticating the API calls from your web service, and other things that aren't obviously spelled out but an experienced hacker would know to think about.

STEP 3

Get into some Pseudo-Code.

Although we're primarily a Rails shop, we've interviewed people with backgrounds in Java and .NET as well. I figure that if they are truly strong programmers, they'll be able to pick up Rails and Javascript fairly quickly. So at this point in the interview, I like to dig a little bit deeper into their coding abilities.

I ask them to write the pseudo-code for the controller action that addresses Use Case #2 – the redirect.

If the candidate has trouble with Step 2, I always make sure I give them the benefit of doubt and help them along with the design to get them to this particular step. So at this point, assuming that he or she is not completely confused, they should be able to churn out some pseudo code like this:

```
def
      redirect link = Links.find_by_short_url(params[:id])
      visitor_information_from_header =
            parse_http_request_for_user_info(request)
      LinkVisit.create(visitor_information_from_header)
      redirect_to link.original_url
end
```

By this step, you'll really be able to figure out a candidate thats pretty much full of shit and a candidate that understands the basics of programming. If you want, you can make the example more concrete and have them write real code (e.g. in Rails) so that you can test their understanding on how a framework like Rails encapsulates query strings, http headers, and how ActiveRecord works.

STEP 4

Test their knowledge on Architecture Patterns.

At this point, I like to throw them a curve ball. I go up to the white board, and start to mark up the calls in their pseud-code with how rough estimates on how long each call would take. I try to use a red marker so that it stands out, and it looks something like this:

```
def
[60ms] redirect link = Links.find_by_short_url(params[:id])
[1ms]  visitor_information_from_header =
            parse_http_request_for_user_info(request)

[60ms] LinkVisit.create(visitor_information_from_header)
       redirect_to link.original_url
end
```

I then say that user experience is of utmost importance to us, so we want to make sure that these redirect calls are done in under 20ms. I ask what he could do with this design so that we can accomplish that.

Your candidate should be able to talk through each of these core concepts (from easiest to hardest):

1. Create a database index on the short_url field in the Links table so that lookups are faster. [+10 points]
2. Make the short_url the clustered index and primary key for the Links table [+20 points]
3. Store links created in the past 30 days in an in-memory cache for easier lookup [+50 points]
4. Create a background job worker + queue that will take the vistor header information and will persist it to the database later [+100 points]

As you can see, even in a simple servie like a Link Shortener, there are a number of things you can do to drastically improve performance. Being able to talk through these simple patterns is what truly sets apart the boys from the men.

I also like to see if they suggest alternate ways of storing the data. Do they say we should use a document-based storage system instead of a Database? Do they want to use the shiny new technology just for the sake of using it and because they just learned a buzzword like NoSQL or can they back it up with sound thinking? This exercise is a great platform to have those kind of discussions and get at the root of his/her thinking process.

STEP 5

Test their knowledge on Software Patterns.

Finally, if you've gotten this far, I delve a bit deeper into how he or she would organize the software code. What parts of it would be a standalone library and what parts of it would go straight into the controllers.

This is more to ramp down the conversation but the things I look for is whether they care enough to create a standalone library for hashing URLs, or whether they like to encapsulate the tracking code within the model or whether they prefer to do it all in the controller (and why).

Other Questions to Ask

This exercise has proved to be way more effective than a lot of other styles I've employed while hiring in my career. It forces you to interact with each other, gives you a glimpse into their problem solving abilities, how he or she deals with pressure, how they deal with situations and concepts that are foreign and really puts the two of you "in the moment" as if you're already on a team solving a problem.

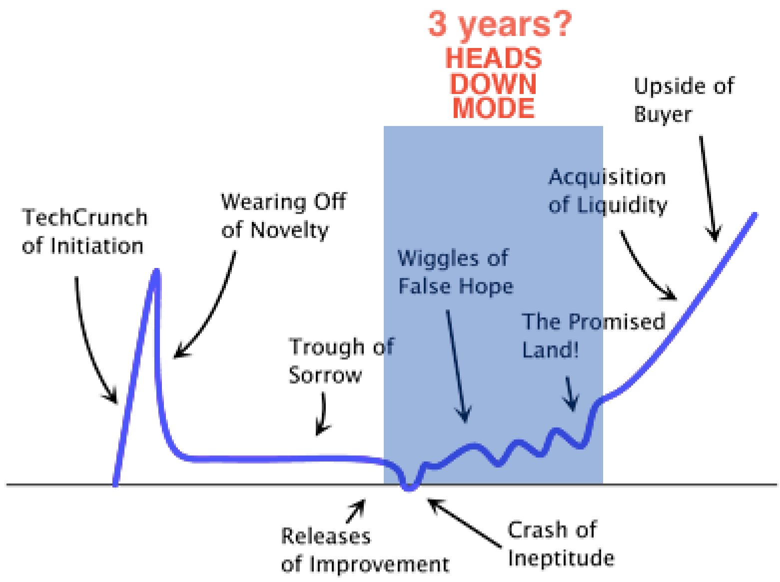
In addition to this, I also like to talk through and gauge how much user empathy they have. These days, people that can cross between frontend, backend and design are the true rockstars and exactly what we're looking for, so I like to get a feel for whether they "just like to code requirements" or they can truly get proactive and help us build product.

CHAPTER VII

2013: Reaching CFBE & Our $3.3m Series A

I believe even overnight sucesses take three years to materialize. For ToutApp, it was on this third year that things really started to click and we started to understand why the market was automatically pulling us and what we needed to do to define and win this category of software around sales engagement. But don't forget, it took three years to get to this point.

The end of 2013 marks roughly the three-year mark for my company. As I reflect on where we are today, from initial product, to an advisory round, to seed funding and then to raising our Series A in December 2013, one thing that I've always perceived from came true: it takes roughly 3 years for you to truly figure out if what you're working on can be a business.



Once you hit that 3-year mark, and you've figured out a way to stay alive, some magical things do happen. Now, just to be clear, after the first 3, it'll take you 2 to 7 more years after that to make it a wildly successful business; that is if you want to come along for the ride. But at least you feel just a tad bit stronger about your foundation.

In this blog post, I'll share some reflections as I look back on 2013, my journey and the past 3 years.

First, here's some context:

In case this is your first time, here's some context:

- Back in 2010, I made the decision to quit my 6-figure hedge fund job and start looking into building my own startup again (the first startup I co-founded was sold to Plaxo as we graduated college). I ended the year with a few different

products and a consulting business. Yay, I was self-employed.
- 2011 was one of the roughest years on my life as I moved from NY to California, started and incorporated the business, raised our advisory round, got featured on the likes of NY Times and went from a team of 1 (I'm a solo founder) to 4 and then back to 1 again. So, needless to say it took me until February until I actually got around to writing a reflecting on 2011 post.
- 2012 I built out the team in San Francisco, built out the product, validated the market and went from ToutApp an email plugin to ToutApp, The Complete Sales Engagement Platform. The biggest thing we did in 2012 was build a fantastic product and hyper-focused on our conversion rates from a self-serve free customer to a self-serve paid customer. We spent about $0 on marketing. This was the year we also made the tough decision to focus whole-heartedly on salespeople instead of email users in general. The year was chock full of learnings, and I shared all of it here.
- 2013, we went into the year with a fantastic product, a market that was warming up. The problem was not every sales team knew about us. So 2013 became the year we continued to grow our self-serve business (and our conversion rates), but put a bigger emphasis on being louder and starting our sales team. This became the year of sales, the year of 1-year pre-paid deals, and the year of fundraising for our first institutional venture round, otherwise known as a Series A.

For the rest of this blog entry, as per my last few year-end entries, I'm going to focus on lessons learned and scars healed and earned.

It's actually real hard

I'll be honest right over here. It all sounds really nice, neat and clean when laid out in a bulleted list like the one you see above. Year 1: Build product, Year 2: Charge, Year 3: Sell; Raise Right? The last three years have been quite possible the three hardest and most grueling years of my life. And yet, there is some gene inside of me, some sort of programming in my head, or some sort of carrot (that I can't identify quite yet) being dangled in front of me, that makes me keep going on. Even when a company I hugely respect gave us a compelling offering to buy us in 2013.

I think we all know that its hard, and a certain percentage of us do it anyway, and go on to survive in varying extents. There are also some in that bucket that build businesses worth $1b to $3b in an 18-month period. I call this bucket of people "true believers."

As I've come to meet more and more startup founders and CEOs, I've come to realize that no one in this group does it (and survives) because they do it for the money. It's only the ones that have some sort of higher purpose that drives them, a chip in the shoulder, or a deep passion for a specific thing, those are the ones that make it to a 3-year point where you only come to realize, well — this *may* work, let's double down more.

3 Years = This *MAY* work

For any business that you start, I can say more confidently than ever before it is going to take you 3 Years to figure out if this may work. Meaning, for anything < 3 years, you will know nothing more than small wiggles of hope. In fact, for the first three years, you're primarily going to be in heads down more.

Expect to get your first point of true validation and proof that this may work for real at the 3-year mark when you've done enough things, had enough persistence, and focused enough to have real customers, real revenues, real investor validation, and real people as you look around the room of a committed team that will go to the ends of the earth for the cause (real people who you didn't know > 1 year ago).

Don't get me wrong, at this 3-year mark, things do start to come together beautifully. You have a ton of conviction around the business, hiring becomes a bit easier because a number of proof points exist around the business, and while you have to approach the coming years with vigor, optimism and gumption, you also have to keep in the back of your mind and be hyper realistic — this may work, but there's hard work ahead.

.1%

No, I'm not talking about the 1%. I'm talking the .1%. I was in a room with 30 CEOs the other day as part of the **SigmaWest** CEO Summit. One of the sessions was an analysis piece on the investment trends around the VC industry. I'll probably never forget this presentation, or more specifically, the specific moment when a slide showed some math around the general success of a startup entrepreneur.

Now, I'm no stats genius (feeling a little self-conscious now because I hope I did the math right here), but I went on to calculate the general ballpark probability of a startup founder raising money and then making money from the venture.

$.005 \times .2 = .001 = .1\%$

Needless to say, here I was, three years in on ToutApp, four years in on being self-employed and on the journey of being a startup founder, and for the first time, a banker was explaining to me the true math around starting a venture-backed business. The crazy part? It wasn't a moment of holy shit, stop this madness; the math is insane. It was a moment of: OK… Hmm. Keep going.

Why we really do this and keep doing it: the people

In 2013, I figured our the real reasons the likes of Bill Gates, Mark Zuckerberg, Elon Musk, and of course Steve Jobs kept going to build corporate dynasties that went on to or will last 10+ years. Having studied all of them, having watched all their interviews, their books/biographies and yes, having watched The Social Network (joking), we can all see that these guys were machines that were driven by something, not exactly sure what, but I think after three years of doing this and watching my team grow and my business grow, I actually finally figured out what that thing is that drives startup founders.

IT'S THE PEOPLE.

Through 2013, I had the pleasure of growing the team, hiring amazing individuals, seeing existing team members hit their 1-year marks and celebrate. I even got to meet countless customers and Tout evangelists. It's a seriously amazing feeling when you meet someone you don't know and they say "Hey! I use ToutApp! Love it. What do you do there?" … "I'm the founder. What do you love about it?!"

And as I reflect back on all of those moments, I can say that the single most important reason I do what I do and I fight the good fight is because of the people that we have who believe in what we are doing.

It's funny that this is how it works. At first it's just you, doing this one crazy thing. And then there's one more, then two more, and then eventually there's a group, then a clan, a village, and then you hope eventually there is a nation and a whole eco-system.

The true essence of entrepreneurship seems to be the act of starting something from nothing for one's self and then setting out to find as many people as possible to join your cause so that you can make it not just a cause of yours but a cause for all.

In 2013, I truly saw Tout Nation come to life. And its the single thing that kept me going, even on the hard days. If you want to see a visual depiction of what it feels like to be an entrepreneur, check out my blog entry on it here.

And… at one interesting moment, without even realizing, it switches from being about yourself to being about them. And you stop working hard for yourself and you start working hard because you want to protect your people, you want to grow the beliefs that you all uphold, and you want everyone that is part of your nation to thrive.

On Success, 300% Revenue Growth

Through 2013, a huge number of things came together beautifully around the business. The sales team started to hum, we started closing $40,000 1-year deals, and our inbound lead volumes went up to a point where we had to dedicate time just for lead qualification and nurturing!

Not only did our overall revenues grow by 300% in 2013, our self-serve part of the business, something we didn't put as much focus on in 2013, grew beautifully as well. It was magic.

The customers were great, the product was starting to mature, we saw a strong following around our brand. It was official, we had become a tribe.

How do we go from a tribe to a nation?

In 2013, it started to become evident that we had a tribe, a following, a core group that believed and pretty soon we'd have to strive to become a nation and then a real eco-system to take the business to the next level.

I'm all about running a lean business, and I'll be honest, I've scoffed many times at startups that raised outrageous rounds with seemingly small ideas or businesses. But as I sat there with a spreadsheet and crunched the numbers on what it'd truly take to grow the business faster, to win in the market, and to continue to innovate on the product, I slowly came to the understanding that we needed more money to grow.

In an interesting way, while going through that exercise, I finally figured out through my own model how a cash-infusion into the business can accelerate the bottom line growth. For once, I was thinking about raising a Series A NOT because it was "just the thing to do" but instead, it was "the logical next step."

And so as our sales process started to mature, as our marketing become a repeatable system, and our product stabilized, I shifted my focus to thinking about further capitalizing the business and figuring out what to do next. Fortunately for us, through one of our largest enterprise customers, we got connected to Greg from SigmaWest, and by the end of the year, we went on to raise our $3.35m Series A.

On VCs, the ones that leave you in the conference room at the end of the meeting.

Through our fundraising process, I got the pleasure (and displeasure) of meeting about 20 VCs in total. While there are a ton of tools, websites, and relationship networks out there that helped me find out who would be the right person and firm to partner with, I did keep meticulous notes on my interactions with each of them. Fundraising is inherently a sales process, and so I actually kept track of it all through a simple spreadsheet.

As I went through the process, I rated each of the partners I met with on different factors, just for my own notes. And so, after our round closed, as I looked through my notes and reflected on my interactions, there was **ONE common theme** I found in my barrage of notes and ratings.

The VCs that walked me out to the lobby or the door at the end of our pitch meetings turned out to co-relate with the best rated and successful VCs in the Valley. The ones that left me to my own devices at the end of our meetings and just went back to his office, turned out to be the less successful ones.

(In case you were wondering, Greg walked me out to the street and had an additional conversation after our meeting, so he got extra points in my book).

People = Everything

At the end of the day, the real business we're in is the people we choose to enter into our lives and spend time with. Period. Whether it is hiring employees, partnering with a VC firm, selling to a particular demographic of customers, or building an eco-system, we are all in the people business.

Through firings, hirings, good experiences and bad, the one thing that I've come out with in 2013 is that the people make the biggest difference in all aspects of your life. Sure, someone might short change you, or screw you over, or may fund your competitor after pretending to want to invest in you, without even a heads-up phone call, that's all fine. Because what I've learned is… as long as you maintain your integrity, pick the right people, and deliver unparalleled value: the rest takes care of itself, the right people flock to you and you grow. Karma.

So while my metric for gauging VCs may come off as silly, think about it hard and make sure you have metrics in place to gauge the people you're choosing to spend your life (both professionally and socially) with.

If you're thinking of starting your business

As I close out my thoughts, I did want to reiterate one thing. Although the last three has been hard and grueling, although I've had sleepless nights, tough conversations, and challenges, and even with the 0.01% likelihood, and even with the possibilities of failure, I still highly recommend starting a startup or better yet, joining a startup.

For as low as the lows have been, the highs of closing an Enterprise deal, of walking into an office where EVERY person including the engineer is on the phone with a customer, to meet with smart people who validate your business and understand your vision, and even to meet with personal heroes because they want to spend an hour hearing about the business you've built — all of those highs, have been the highest of highs of my life — and I wouldn't exchange it for anything else. Nothing.

So if you're thinking of doing that startup, or joining that risky early stage company that has a small room in a co-working space, DO IT. At the very worst case scenario, you'll come out of it with real lessons learned and some friendships that you'll hold dearly for the rest of your life.

Looking Ahead to 2014

As I look forward to 2014, and as I plan out my business, the biggest hope that I have is that we continue to be surrounded with fantastic, smart, and passionate people who join our team, become our customers, and partner with us. In 2014, it is my hope that we grow from a tribe to a nation and that we flourish and that we crush those that try to get in our way.

We're all seriously excited about making sure every Sales Team uses ToutApp.

Looking Back...

2013 was the year early startup employees reminsce about as the startup grows. Remember when we got just SO MUCH done?! Remember when we knew everyone and we all got lunch together at that place across the street? Remember when we barely had perks and yet everyone was appreciative of the small fridge that had free soda? That was this year for ToutApp. It was magic, we loved working together, we loved our early customers, and while things continued to grow and scale and turn beautful whole new ways, I know every early Touter held this year near and dear to their heart as a key part of our startup experience.

CHAPTER VIII

Meta: Competition

Almost every successful category has competition. Great categories almost always turn into a two horse race because others see the potential for the space. If you have one big competitior, great. If you have no competitors, it's time to pause and reflect. If you have too much competition, it's also time to pause and reflect. Either way, if you're going to start a company in an important space, it's important to embrace the idea of competition and treat it like a sport worth playing and winning at.

I never considered myself to be a competitive person. As I've built out **ToutApp** over the past 5 years, not only have I realized that I'm an incredibly competitive person, I actually thrive on the pressure it brings. It moves me, motivates me, pushes me to my peak performance.

Almost to a point where when someone says to me "Wow, this is a crowded market…" My answer almost always is "I know! Isn't it great?!" I truly believe anything worth pursuing with a pot of gold in the end and enlightenment along the journey will be competitive, so I've made it a point to study it, develop principles around it, and strive to get good at it.

So over the years of building ToutApp, I've come to develop a framework on how to think about, embrace, and thrive on competition. Here are my core principles around it.

Principle #1

Recognize the 3 different kind of competitors

1) The competitors that don't see you coming
This is the 800lbs gorilla that looks at you and thinks "oh, that's cute." In order to thrive as a business, you always need to have a competitor or two that you have your long term sights on that you want to become, displace, and conquer, even though they think you're a toy.

2) Your direct competitors
Then there are your direct competitors. They're across from you at your trade show booth. They're the ones flirting with your biggest customers. They're the ones that are following your every move and you know for sure that they're gunning for you.

At any given time, if you're doing something significant, you'll have one to three of these direct competitors.

Your job is to know everything about them, their strengths, their weaknesses, and you have to know what you're doing in the short term to kick their ass — hard.

The biggest thing I've learned in my years of competing is that very rarely does this come down to features, functionality, but it has way more to do with the PEOPLE that run the business.

Know the people. Know the CEO's strengths, weaknesses, know the executive team, and know how to beat the people that run the business. If you can trump them psychologically, then beating the business becomes an afterthought.

3) Your cute competitors

More often than once, a competitor I thought was a joke, a cute toy, and a small team that couldn't possibly do anything, grew to be a formidable direct competitor.

So, don't make the same mistake that the 800lbs gorilla makes and don't underestimate the small guys.

The key to these guys is to take as much air out of their sails as possible. Don't cede a smaller part of your market to them, don't let them "take" the shitty customers, don't discount them. Take them out when they're young, so they can't grow big to become a direct competitor.

If the 800lbs gorilla knew this, then startups wouldn't exist. Period.

Principle #2

Always manage your competitive mindset

When you don't have a plan around competitors, competition can get into your head and paralyze you. It can stop you from innovating on your business because it'll make you feel like "What's the point? they're just going to copy my brilliant ideas."

Stop.

Sit down and draw out a map of your three layers of competition. Make notes about who you want to become and how you're going to disrupt them.

Make notes about the weaknesses and strengths about your directs.

Make notes about how you're going to build a moat and stop the little upstarts from coming after you. Protect and treat your customers so they never leave.

Principle #3

Apply what you've learned to your overall business strategy but don't make competing the sole thing that drives you

Customers, investors, employees, and recruits always ask me — "How will you beat the competition?" Ironically, while having a strategy around your competition is important, obsessing around it should be just a component of your overall strategy. Otherwise you just become a boring fast follower in the market.

I believe there are three things you have to do to win in a market:

1. **You have to have a better product.** Sure you may fall behind on a feature here and there, and sometimes it's actually better to let competitors run ahead and build and figure out a feature or two, but on a long enough timeline, you just have to solve the customer problems better.
2. **You have to be easy to do business with.** With attention spans at Snapchat levels for buyers, it has to be dead simple easy to do business with you. Credit Card payments? Sure. Security Reviews? Yep, Here's a 100 page document. Talk to Sales, absolutely, we have a 5 minute SLA on requests.
3. **You have to be a better run business**. I wrote a whole post about Operational Ruthlessness. Having the above three are table stakes, but if you can figure out how to just be a better run business with your metrics in line and a smooth flow across all your teams, man, you're golden. How do you have a better run business — have great people. Whether you're evaluating the competition, or upping your own game — it all comes down to having the best people with the right experience, the right level of hunger, and some serious heart.

Simple right? Well the key here is that doing one or two of these is hard, doing all three in a great way is even harder and sometimes impossible. But I look at these as 3 asymptotic goals that we have to relentlessly pursue to win in a market. And remember, any market worth winning will be competitive to begin with.

How to ultimately beat your competition

It's easy to fall into the trap of just doing what you're competitors are doing. As you go from "not thinking about competitors" to "thinking deeply about your competitors" — you have to push yourself to think beyond competition. I call this having a "differentiated competitive strategy."

It's one thing to do as well as your competitors and stay on top of them. You can do this but this won't ensure you winning in the long run.

What you need to do is put yourself in an aggressive innovation cycle where you constantly trump your competitors in a differentiated way and you keep moving your business forward beyond what they're doing.

This manifests itself in two ways:

1. As you constantly assess strengths and weaknesses, you'll constantly be doing things to address your own weaknesses and advance your strengths. Doing this will put you "at par" with your competition so that whether a customer goes to you vs. them becomes a 50/50 split — this is a good start.
2. You then need to rise above and figure out for every thing you do, how do you do it in a differentiated way, how do you do it in a 10x way, how you do it in your OWN UNIQUE way that puts you at a cut above than the rest of them.

#2 is what forces you to take a long view and gets you out of the trap of being "good enough to win 50% of the time against the competition."

In Conclusion

In order to build a long term sustainable business that is worth something, you have to embrace competitiveness. You have to address weaknesses in your own business and build your strengths in a differentiated way where you do it in style and in a unique way that is a cut above the rest. And you do this while keeping a close eye on what the other guys are doing.

As you wage competitive battles, there will undoubtedly be uncomfortable moments where one guy is slightly ahead in one small space but has a lot of negative impacts. It's important to stay calm, plan, and executive like crazy. I've found teams with A-players rise up to defeat threats and do so by pursuing greatness in their own product.

While you do this, your sights should be constantly locked onto the 800lbs gorilla that is downright impossible to disrupt today but over a 5 year period, you know you'll dominate.

Once you get your mindset straight to adapt to this competitive and innovation discipline, you'll win. Guaranteed. Unless something crazy happens. And thats the magic of startups; crazy things always happen that requires you to course correct.

CHAPTER IX

2014 & 2015: 3x Growth & Our $15m Series B

Through 2014 and 2015, we grew from a tiny 6-person startup with some seed funding to a full venture backed comapany with over 65 people at its peak. We also went from being a nice to have nascent category to a nearly must have for every emerging sales team looking to streamline their pipeline generation and sales engagement process.

In this blog post, I'll be reflecting on my journey as the Founder & CEO running company **ToutApp** over the years 2014 and 2015.

ToutApp was founded in 2011. Over the last two years, we grew ToutApp's revenues through triple digit growth, grew from being a 7 person company to now going 65-people strong, and also raised nearly $20m+ of venture capital led by Andreessen Horowitz (Series B) and Jackson Square Ventures (Series A). We did all this by bringing on 1,000+ customers whose sales teams now run on ToutApp across their SDR, AE and CSM teams.

For those of you that haven't been following my story, in 2010, I quit my 6-figure hedge-fund job to start my own company. In 2011, we incorporated ToutApp and joined the 500Startups Accelerator Program and raised our advisory round from awesome angel investors including Esther Dyson, Eric Ries and others. In 2012, I went beyond being a just a solo-founder and a one man show and started to build out a whole team. Through 2013, we figured out our category, our focus and reached true product market fit. You can read a summary of my past blog reflections here.

While there is so much to talk about in a post like this, I'll be focusing on some key lessons learned as I continued my journey from being a founder with a dream to being a CEO of a fast growing startup poised to be a leader in a brand new category of Sales Software.

This is a long form post. First, I'll provide a quick overview of what happened in 2014 and 2015 for context. Secondly, I'll share 4 key lessons learned as the CEO of ToutApp.

1. Lesson #1 – After fundraising, effective recruiting is the lifeblood of your organization
2. Lesson #2 – You have to be ruthless about how you run your operations
3. Lesson #3 – You'll have a completely different business every quarter; adapt
4. Lesson #4 – Compartmentalization helps you get through all the things that goes wrong

2014

In my 2013 recap, I found that it takes 3-years to figure out if what you're working on might work. Some call this product market fit. Others call it traction. That 3-year calculation includes the period of bumbling around that leads to traction. While I think that it is possible to disrupt an existing market in a much faster clip, if you find yourself creating a new category, the 3-year rule almost certain holds true.

At the end of 2013, which was roughly our 3-year mark, ToutApp was still a small startup that had only raised $1m in seed. With a 7-person team, we got to the magic $1m in ARR.

We entered 2014 hot off a Series A fundraise of $3.35m led by Jackson Square Ventures. We entered 2014 with the intention to mature and scale as a company. Being the leader of a seed stage startup with no board to having a formal board and having millions in the bank meant we had to grow up as a company and more importantly, I had to grow up as a CEO.

Up until 2014, we were a very product focused company. We had a self-serve B2C style business where individual salespeople would discover us on their own and sign up for our product with their own credit card. We had just started to get a taste of what closing 1-year deals through sales would do for our business. The biggest change we made in 2014 was our switch from a B2C style purely product driven company to a true sales driven B2B startup. We set out to drastically scale our sales, marketing and customer success disciplines.

As 2014 progressed, I made key hires in Sales, Customer Success, Support, and Sales development. The hyper focus on building a revenue machine paid off for us.

Through 2014, we scaled the company from a 7-person outfit to a 30-person team segmented across Sales, Sales Development, Customer Success, Support, Engineering and Marketing. By the end of 2014, we recorded 300% growth in revenues, a strong position in the market, and a clarified view in what we were selling and how this could be big.

We ended 2014 with another fundraise. This time, it was a much larger $15m Series B, led by Andreessen Horowitz. What started off as a simple email tool back in 2010 for anyone clarified itself to a vision of a software platform designed for closers. The pitch was simple: Salesforce was for managers; ToutApp is for salespeople.

2015

Fresh off of a stellar 2014, we entered 2015 with growth funds in our bank, and an aggressive and ambitious plan to build a B2B company that would be one of the next big SaaS franchises.

So much of company building I realized was about having a strong foundation. I saw countless "hot" startups rise fast and then fail hard because they didn't take time to build the right team, the right foundation, and the right operating system to run a company.

With ToutApp, by Q1 of 2015, we were busting at the seams at out 3,000sq ft office going 40 people strong, the sales process and sales development process that lead to stellar growth in 2014 started busting at the seams too as we continued to go up-market, and our customers demanded more features, more solutions, just more++.

I sat the board down in our first board meeting of the year and clarified three key goals for the company in the coming year:

1. Continue forward momentum in the business; keep closing deals, drive renewals and up-sells, and keep customers happy
2. Continue to build a stellar leadership team to solidify the foundation of the company
3. Embrace Operational Ruthlessness

Through 2015, we kept true to our goals. Not only did we execute in terms of revenue, we also went ahead to build a stellar leadership team which then strengthened our ability to drive operational ruthlessness.

That's the executive overview. The rest of this blog post highlights 4 key lessons I've learned as I grew to be the CEO of a 65-person+ company creating a brand new category of sales software.

Lesson #1

Recruiting a stellar team is Job #1

It was sometime in Q3 of 2015. I was sitting at Bob's Steak House (my favorite restaurant for recruiting dinners) and was having dinner with a VP candidate and his significant other (yes it was just the three of us). We had done our reference checks, the team had done their interviews, this was the final step in our process, to get buy in from all remaining stakeholders.

How do you prep for a dinner with a VP you absolutely want on-board, no girlfriend to take as a date, and a significant other of the VP that happened to be a sales leader — which happened to be our prototypical customer? Just like anything else in #ceolife — you dive right in.

Throughout 2014 and 2015, Perhaps my biggest allocation of time went toward being the Chief Recruiting Officer. While I ended up serving in several quasi-leadership roles including VP Engineering, VP Marketing, and most importantly VP Sales — all while having to do the CEO – a huge amount of my time toward building a great leadership team.

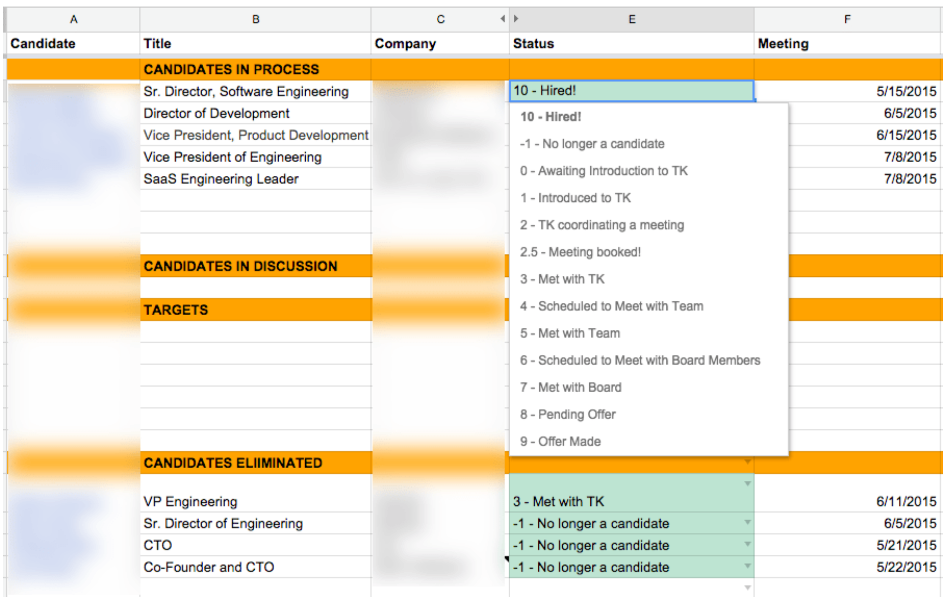
Here's the thing. Every CEO knows Recruiting (just like Fundraising) is an important aspect of the job. But not every CEO treats it like a business process and builds a machine around it. The biggest win for us in 2014 & 2015 was our ability to build out the leadership team we have today. The team today includes our CRO, VP of Engineering, SVP of Customer Success, Director of Marketing, Director of Sales, Director of Pipeline, and Head of BizOps.

The key lesson I learned was that had we not built a whole business process and machine around recruiting, we would not have been able to build the team that we have today in such a short amount of time (especially since 80% of this team was built over the first three quarters of 2015).

Going back to that dinner… At the time of that dinner, I was working with three different executive recruiters on three separate executive searches. One of the searches we had to re-start because the VP of Sales we hired quit after three weeks! In a way, I loved running three at once because it forced me to think deeply about how to run effective recruiting processes — with one you can run it fast and loose, with two, you focus, with three, you have to run it like a job.

In running these Director and VP level searches, here are the key things I learned and employ for every search:

1. Have a great search partner. I interviewed countless executive recruiters before picking one to do my search. In addition to that, I never "stuck with the firm." Just because they were good at recruiting VPs of Sales, doesn't mean they were good at VPs of Marketing. Hiring a great recruiting firm is absolutely worth the $85 to $100k you'll spend on that hire.
2. Standardize on how you track candidates – I made each of my executive recruiters use a standard Google Spreadsheet template that I created so that every search looked and felt the same. We tracked the same things, we used the same color coding, and most importantly, I had the status of each search right at my fingertips. It's no secret that executive researches handle multiple searches at once and often use associates as leverage. My spreadsheet automatically highlighted if they were slacking — and they knew it before I had to tell them because they looked at the same thing I looked at. It held everyone accountable and kept everyone organized.



3. **Standardize on where and how you interview** – I used the same coffee shop (Starbucks on Broadway), the same dinner place (Bob's Steak House), and the same place to close (a place they choose in their neighborhood on a Sunday). I kept the basics of the playbook the same and hyper-optimized. By the time 2015 ended, the waiters at Bob's Steak House knew me. What that also meant was that as I ran through the process, I didn't have to scramble to figure out stupid stuff — I was able to figure out what was important: vetting the candidate, and reaching a win-win scenario.
4. **Don't sell too hard** – I hired a VP of Sales in the middle of 2015. Three weeks later he quit. He said his heart wasn't in it. The truth was, we sold him too hard. We had investors email him, I ran an aggressive process, and even though I knew his heart was in a competing offer, I wanted to win. Quite honestly, between celebrity investors emailing him and welcoming him to the family, flowers delivered for Mother's Day, and everything else we pulled, we made it very hard for him to say no — even though BOTH sides should have said NO and seen the early warning signs.I learned the lesson the hard way, but I learned this: you learn the most about a candidate in the last mile as you go to offer. So pay special attention, and listen to your gut.
5. **Realize you're dealing with real lives** – It's really easy to get caught up in your own objectives to build teams, close deals, and take names. But for a moment, pause and realize that you're dealing with real lives here. People have their own dreams, aspirations, familial obligations. If you're serious about a candidate, get to know those things and make sure you're creating win-win career opportunities for them. Otherwise, it won't work in the long run.

Lesson #2

You have to be ruthless about how you run your operations

We've always been purposeful about being a well run company. But it was sometime in early in 2015, Cliff and I were sitting in our 1on1, which was really part strategy sessions back then but really part therapy sessions for both of us.

I said "Man… I feel like we have more people than ever, but we're getting less stuff done."

At that time, Cliff was running both Success and Support as we were ramping up the # of people in each, and I was serving as quasi VP-Sales along with everything else. I was also actively running a VP of Sales search.

One of the things I love about my entire leadership team today is that each of them has seen the movie before. Cliff nodded. He said, well – "We are coming up on the limits of how many people each manager can effectively manage."

That conversation got me thinking. In order to crush your competitors, you need three things:

1. A better product
2. A stellar customer experience
3. Be a better run company

Most CEOs focus on #1 or #2. Getting #3 right has always been a priority of mine, but we needed to get ruthless about it. The truth is, you need to be damn great all three to be a successful company. Through 2015, I've developed a set of practices across ToutApp to ensure we're a better run company — I refer to it as Operational Ruthlessness and it is colloquially referred to as "Running it like a fucking job."

I think this is something that happens in every company as you hit 30 to 40 employees, and unless you get ahead of it, you're destined to fall apart. We implemented Operational Ruthlessness in three stages throughout 2015.

- **Stage #1** – We took immediate steps to get leverage for managers by introducing the idea of Team Leads. We took high performers across the organization and offered to give them more responsibility for career growth. This got every manager immediate leverage, and showed employees career growth. Win win.
- **Stage #2** – Whereas before I had only been focused on hiring VPs and Directors, we started to look at instituting true managers. Fortunately for us, there were already a set of independent individual contributors already in the company who were ready to step up as manager given the amount of prior work experience they had. So we prompted them. Boom, more career growth, more leverage, more happy employees.
- **Stage #3** – With VPs, Directors, and now Managers and Team Leads, I started to worry and think deeply about getting all these people aligned around the right goals. And so this is where we really started to put together some core principles that I now refer to Operational Ruthlessness. It was a definition of how we'd run the company every week.

KEY COMPONENTS OF OPERATIONAL RUTHLESSNESS:

1. **OKRs :** We started with defining a set of objectives and key results we wanted for the company as a whole. Through a series of quarterly offsets first at the executive level, and then at the leadership level, we went into each quarter with clear definitions on what we wanted to achieve as a company.
2. Metrics : Based on the OKRs, we all agreed on a set of core metrics each leader in the company would own and report on in a weekly basis. We hated knowing "after the fact" that something wasn't working in a part of the business, and now with more managers, there was simply more things that could go wrong. So each leader got in sync on the core metrics (2 to 4 max) they'd track as a health of their area — and made a pledge to enter it into a standardized spreadsheet every Sunday night along with their top priorities, key blockers, and things they needed help with.
3. **Structured Cadence** : With objectives, key results, and metrics to measure them with in place, I needed a forum in which we could all get in sync and essentially establish a "drumbeat" for the business. So, I set up a Monday morning leadership meeting, where everyone would come into it with **already have read through our spreadsheet report** which highlighted key metrics, problem areas, and red flags. In the meeting, at 9am on Monday, each leader would provide a "synthesis" of their business area. This is the point where magic ensued.

A	I	J	K
	11/16/2015	11/9/2015	11/2/2015
Pipeline / Daniel Barber			
Priorities	- Recruiting: Michael Conway (SDR) meeting with Frank this week - Lead loading model for MDR team - Territory building: Lauren & Kelly (150)	- Recruiting: Kelsey backfill - Transitioning Lauren into SDR - Territory building: Lauren's 150	- Onboarding/Recruiting: Allie Butters (MDR), TBD (SDR) - Territory building for Erica, Kelly, Will, TBD (85% complete) - Final review of Corporate territory #2
Need from the team		-OOO: Sales Stack ICP & TAM workshop; Jess - confirm Sarah's transition plan, how can we help with onboarding	Frank - connect on pairing/territories, perferably Monday
Red Flags			
Corporate			
Average Department Size			
# of Opportunities			
Mid-Market			
Tier A Growt	$75,600	$58,880	$97,020
Tier B Growt	$137,460	$66,360	$188,160
Tier C Growt	$61,620	$42,660	$135,240
Tier D Growt	$0	$9,400	$35,280
# Working Leads	35	25	31
% Converted	54%	56%	71%
MDR Pipeline Generated	$194,304	$79,888	$129,937
% MDR Quota Attainment	530%	264%	260%
% MDR Oppty Acceptance	94%	92%	95%

The thing with a SaaS business is that all these different areas are intertwined. The campaign that marketing runs affects the inbound leads that Sales relies on. By having everyone report core metrics in one place, the meeting went toward collectively looking at patterns and talking about it. In real-time, Marketing talked to Sales Development about inbound lead flow, and each made action items on whether the new campaigns that were running would require additional headcount on the inbound lead processing side. I loved it. For me, it was a “Look ma! no hands” moment.

The structured meeting also turned into our early warning system. As a leadership team, we got a sense of what was “on track” and wasn’t by week 2 of a month — we knew if we were ahead, behind, and that meant again, in real-time, we could forge strategies on changes we could make and partner on.

The key takeaway here is to think actively about how you run your business — efficiently — and better than your competition. If you’re a better run business, with a better product, and a better customer experience, you will demolish your competitors in the long run, and I sleep very well at night knowing that.

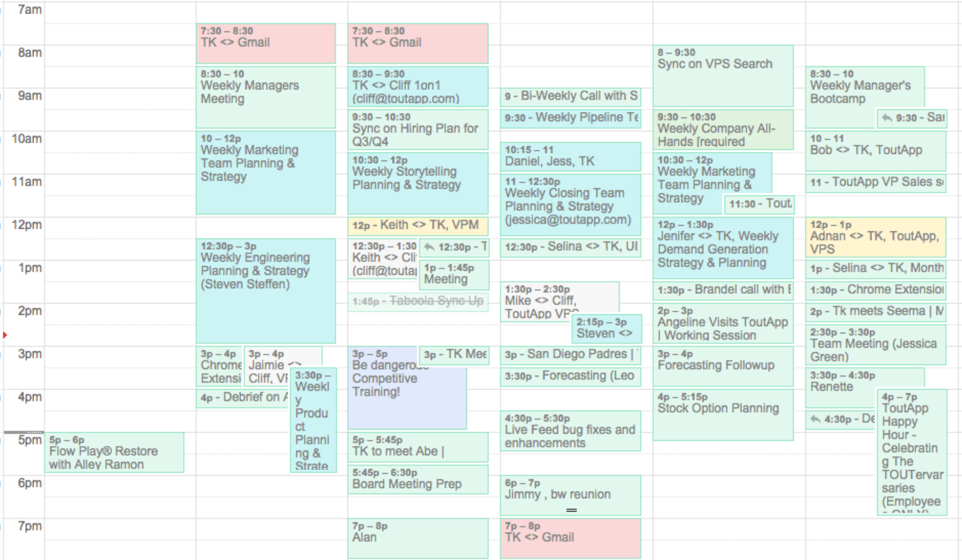
Lesson #3

Reboot your schedule every quarter

It was the first week of Q3 of 2015. And as I looked at my calendar Sunday night and scoped out what my week would look like, things felt off. By this time, I knew exactly why it felt off. But Q2 of 2014 (over a year ago), the same sinking feeling hit my stomach and I couldn’t figure out why.

Here’s the thing to realize when you’re the CEO of a fast growth SaaS business. Every quarter, you’re managing a completely different business. Every quarter, you have a completely different job.

With new leaders coming on, with more employees, with different initiatives, it all changes, and it all changes at a very rapid clip. I smiled, and said to myself: “I guess it’s that time again.” I run my days, weeks, and months, through a series of weekly recurring standing meetings with key people across the company. While that has stayed a constant, how much time I spend and with who is something I find I had to reevaluate every quarter.



While having recurring meetings, and re-evaluating how you run your business every quarter is obvious advice, here are some things to consider as you set up your calendar based on challenges you're facing in the company.

1. **1on1s:** Separate out logistics from careers As both a CEO and a manager, I tend to run a lot of 1on1s. One of the biggest rules we instituted in Tout for all managers is to ensure we separate meetings that are talking about logistics (how's that project? where are you on that deliverable?) from 1on1s that are for career.By and large, we drive for weekly 1on1s for logistics and checkins, and monthly 1on1s for career/how're you doing and essentially what I call "the meta."
2. **Know when to book 90-minute meetings** I've found that key business areas and leaders that you manage are either in Design stage or Execution stage.When you're in Design stages, you'll notice that the 45-minute meetings you have with that leader always sprawls into creating four additional 30 to 45 minute meetings to discuss various things.When you're in Execution stage, you'll notice that a weekly 45-minute check-in is just right to figure out how things are trending, give actionable advice, and keep things rocking.

Now, I hate meetings. But they're necessary to get things done. So, one of the things I always watch out for is the first case scenario when that 45-minute meeting just isn't enough. So over the past 3 quarters, when it came to working with leaders that were in Design phases, or were ramping, I scheduled weekly recurring 90 minute meetings with them.

Some of them balked at the idea of a 90-minute meeting, I snapped back "Look. You're going to book additional meetings and take up way more of my time anyway, so let's just get it all done with no context switching." So, book 90-minute meetings when you're in design phases.

- Ask for Agendas; Have a shared Google Doc I don't quite know when this started to happen, but I started doing scheduled meetings by saying "OK. It's your time, what do you want to do?"This was my way of communicating, I've allocated this time for you. It's your job to make sure we get the most done so that you can achieve your OKRs.It was magical. People started showing up with an agenda, they even started to highlight the key things they wanted to accomplish, and god forbid someone called a meeting with me in it and didn't have an answer — well let's just say that didn't happen a second time around.

The one additional thing I instituted as a step beyond the agenda was to have a shared Google document for that meeting. We used it to write down agenda items, action items, and notes, so that in the next meeting, there was a complete stream of consciousness for us to refer back to.

Lesson #4

Learn to context switch, compartmentalize, and prioritize

When I was raising angel funding for ToutApp back in 2011, the pitch went into "here's what we're doing for marketing…" and "here's how we're thinking about product roadmap…"

Investors would quickly and astutely interrupt me and say "Wait.. wait.. WE, you mean You.. It's just you right?!"

I would snarkily comment back "It's the royal WE"

The point is that back then, I had my hand in everything. I was Marketing, Product, Sales, Engineering, and even Support. To get good at those things, I read countless books, blog posts, and took countless coffees to learn each of those crafts so that we could dominate in each of those areas.

Naturally, as we grew, we hired people to own each of those crafts, then we hired managers for each of those areas, and even leaders in each of those areas.

While today it is no longer the royal WE, and there are people smarter than me running each of those disciplines, the job of the CEO still requires that you understand all the different areas of the business, can can be called upon when tough decisions need to be made in terms of strategy and direction.

#1 – LEARN TO CONTEXT SWITCH

How does this manifest itself? Here's three meetings I attended back to back on a typical day as CEO of ToutApp:

- a meeting with our top engineers walking me through our future architectural stack and the plan to migrate there without having to do a full rewrite
- a meeting with our marketing team talking about how to revamp our entire inbound lead generation strategy
- a recruiting meeting talking about headcount and how it impacts our budget.

The point is that you're going to have to context switch rapidly between very detailed things, and you're going to have to do it quickly, and be able to add value and make critical decisions that drastically impacts the business.

Part of this comes from just knowing your shit and studying it deeply. The other part of it comes from being cognizant that you will have to context switch, and allowing yourself 15-minutes in-between meetings to give your brain a chance to switch gears.

The 15-minutes was a piece of advice I received from Scott Weiss, our board member from a16z. It's such a simple thing but has made a tremendous impact in my productivity.

#2 – LEARN TO COMPARTMENTALIZE AND PRIORITIZE

If you're able to compartmentalize and prioritize, you'll eventually reach a zen-like attitude where you're able to constantly deal with the most important or strategic thing at hand, solve it, and then move to the next thing. That's what I like to call CEO nirvana.

You do this long enough, you'll get through all your problems and end with a grest year. For comparison, above is a picture of me with my leadership team built, divorce done, and welcoming our company to our 2015 Holiday Party.

Make no mistake though, there's still more shit to deal with. So while I'm enjoying, I'm really just saying to myself: OK, What am I missing? What's going to blow up and I need to fix…

In conclusion, 2014 and 2015 were what I'd call insane years in terms of my growth as a CEO.

ToutApp started nearly 5 years ago as a simple idea in my 2nd bedroom of my apartment in Connecticut and I'm writing this blog post at our offices in downtown San Francisco.

At the end of the day, I feel humbled and blessed every single day for even having the opportunity to be at the helm of this company. As I look onward to 2016, and as I think about the triumphs and tribulations of 2015, I'm reminded of my favorite phrase of all time:

THIS TOO SHALL PASS.

Meaning, for the good times, this too shall pass, and for the bad times, this too shall pass. So enjoy the now. There will always be battles to fight, and celebrations to kick off; the biggest lesson I've learned as CEO is to remain stoic, and focus on the next hard thing. Here's to 2016.

Looking Back

As I sit here in December of 2017 and read back and write this looking back section for this chapter I still simultaneously get the chills and a pit in my stomach as I read this blog post. To foreshadow things a bit, while we closed out 2015 with a bang, we were headed for the toughest year in the businesse's history in 2016 and we didn't quite know it.

Operational Ruthlessness and discipline aside, while we did a lot of things right through this year, and while we overcame a ton of challenges, we still lost a VP of Sales after 3 weeks of hiring and we lost a quarter of true peak productivity during that transition. As we head into 2016, we hit macro-economic headwinds that challenge the very existence of the business.

In a way, I foreshadowed it perfectly, in that the good times came and passed and we were headed for some really tough times. It just goes to show that startups are incredibly dynamic living and breathing organisms and you can never take anything for granted. I'll learn the next year that while you can't always control the hand you're dealt, you're as good as your next best move and even with roadblocks, there is always a way to overcome. Keep reading to see what happened.

CHAPTER X

2016 & 2017: Growth, Profitability and M&A

Through 2016 and 2017, the market for sales engagement software heated up along with the competition, the venture capital market corrected, valuation multiples declined, we went through two layoffs, we reset the whole company after that to have two of our largest quarters in company history and then the following year we went on to sell the company to a market leader.

In 2010, I quit my 6-figure hedge-fund job at Ray Dalio's Bridgewater Associates to start my own company. After a few months of bumbling around, I went on to start ToutApp in 2011. What started as a weekend project to solve my own problem turned into a 6-year journey that pioneered the sales engagement space.

Through those six years, ToutApp saw triple digit growth, grew from being a solo-founder project to a 70-person team, and also raised nearly $20m+ of venture capital led by Andreessen Horowitz (Series B) and Jackson Square Ventures (Series A). We did all this by bringing on 1,000+ customers whose sales teams now run on ToutApp across their SDR, AE and CSM teams.

During the fifth year of the business (2015), after raising our Series B, we pushed on the gas hard in a competitive market to accelerate growth as much as possible.

On April of 2017, we sold ToutApp to Marketo after having competing offers to buy the company. I've reflected on every year of being a startup founder by blogging about it and so I'm writing this post to stay true to that 6-year tradition.

In this blog post, I'll be reflecting on the final two years (2016 and 2017) of my journey as the Founder & CEO running ToutApp. They say entrepreneurship brings the highest of highs and the lowest of lows, this last 16 month span brought both in extremes I didn't know was possible.

This is the final chapter of my story as the ToutApp Founder as Marketo ToutApp continues to live on as a new product line for the fast growing and the market leading engagement platform.

Growth. At All Costs.

At one point in time early in ToutApp's history, the company was cash flow breakeven, at $1m ARR and I had a tough decision to make. At that very moment, on one hand I had a verbal offer to sell the company to a pre-IPO company that is still today a market leader, and on the other hand I had a term sheet for our $3m Series A. It was a tough choice. My partner at the time asked me: "If you sold now, what would you do next?" As I contemplated the decision, I thought to my head, "I'd probably start another company just to get back to this point again so I can build the thing out." My last company that I helped cofound sold before we even hit revenues but had thousands of users, I wanted to go the whole distance this time.

In that moment, I took the term sheet and never looked back. We partnered with

Jackson Square Ventures, and Greg Gretsch joined our board. Through that next year, with his guidance, we went on to grow 300%, build an incredible team, go from a 7-person team to a 40-person company and forge ahead to create a category around sales engagement. It was epic, a dream come true, and I loved every minute of it.

Here's the thing that a lot of founders don't always realize, particularly in Silicon Valley, because raising VC seems to be the defacto thing to do:

1. VC is not the only way to build a business. There are tons of businesses built and run every day all over the world that can create life changing fortunes for founders with no VC required.
2. One could argue that you don't choose VC, and that VC chooses you. Even in that case, the founder is making a lifestyle choice. You're making a choice that you'll end up owning a small % of a company that will be massively big and...
3. Once you do commit to being a VC-backed business, you are now getting on a treadmill for driving growth and continuing to raise until you hit a liquidity event (IPO or Acquisition) which makes your money back for investors.

None of this is bad. But it's an important point to the ToutApp story.

Grow Baby Grow

After our Series A, we grew by 300% that year. So we obviously wanted to continue that growth. And so we raised a Series B of $15m led by Andreessen Horowitz, and pursued an ever more aggressive growth strategy.

We expanded into bigger offices, hired a bigger sales team, built out the executive team and by and large followed the enterprise software playbook.

Through that year, three things happened that made it not quite as blockbuster of a year as we wanted:

1. We hired a VP of Sales who quit after 3 weeks. THREE weeks! Who quits after THREE weeks?! That set us back a quarter and in a VC growth driven business every quarter matters.
2. The competitive dynamics completely shifted on our Series B year. While during our Series A year it was largely a two horse race (us vs. Yesware), during the Series B year, just about every other top VC wrote a check around sales software. The competitive dynamics turned into a 5+ horse race with Series-A+

level money for each of them along with every other YC batch also unveiling multiple startups going after the sales space. The startups started getting disrupted by newer startups at breakneck speeds!

3. Our fundraising dynamics completely shifted as well. As our Series C fundraising cycle came up, we simultaneously lost our board member from our Series B (our largest investor) and the markets for VC dried up as public market SaaS company stocks took a nosedive (Feb 2016).

As a startup, you're constantly putting out fires. But this trifecta of fires led to serious headwinds for ToutApp. Burn went way up, growth slowed, and we ended up having to go into a fundraising mode quite frankly earlier than we should have at a time and under a context that was much lower than optimal.

The crazy part about all this was that the opportunity was bigger than ever! Sales Engagement software whether it be for SDRs or AEs or even CSMs started to get validated as a category. Budget started to get allocated for it. And even today, the TAM continues to grow for it. The only problem was that too many VC dollars was simultaneously chasing the same problem. One Series C investor exclaimed: "I literally don't know which of you to pick!"

So we rounded out 2015 with pretty good growth, went into 2016 getting ready to fundraise, and then faced the most difficult year of my and the company's life.

When You Can't Raise and an Inside Round Isn't Happening

"I just want to be very clear. We are not doing an inside round. Get that out of your head - " I heard from our then Series B board member. It was coming off the heels of the first round of fundraising meetings. Through 2016, I will have had prospected 40+ investors for our Series C and did about 25 actual partner-level pitches. I was pissed. "You're supposed to have our back!"

While it was a difficult pill to swallow, it was absolutely the right call. Hands down.

One of the things I never wanted to become, ever, was one of those once VC-backed zombie companies where they lost their way, and were just subsisting hoping for an outcome. Time is far too precious and we would either be on a plan to win our mission or we should get out of it to pursue better opportunities.

Greg Gretsch, our Series A board member, and I talked constantly during this period. He gave me two pieces of advice:

1. If you control your own destiny, you create optionality, and right now, you need to create optionality
2. There is always a market for a profitable software company

In a meeting where I sat down with Marc Andreessen and Ben Horowitz, one of the most memorable career moments of my life, we talked through our options and our gut told us: this feels like more a sub-category than a category. The market has spoken.

We called the patient. We weren't going to be raising our Series C. The market conditions are bad. The numbers are good but not great. The space is saturated.

I made two decisions after that meeting:

1. We would slash burn ruthlessly and drive to profitability
2. We would find a home for ToutApp where we can continue to take on the space but with the recognition that sales engagement software is likely going to be a sub-category and not a category

Burn to Profitability

Through this period, I started to work closer than ever before with two key people on my executive team. Leo Choi, our Senior Director of BizOps, and Greg Capitolo, our part-time CFO. These two brilliant masterminds were instrumental in the turnaround that ToutApp went through in the second half of the year.

The work we did reduced the size of ToutApp through two painful layoffs but also resulted in finishing 2016 with the two LARGEST quarters in company history and the eventual sale of the company to a market leader just as we had planned.

Anyone can lay people off and do cuts. But we needed to do it in a way that would sustain the relatively large ARR and customer base of the company and not have everything spiral out of control.

We sat down and formulated a plan that would resize the company to bring our burn under control and extend our runway. Even more importantly, we had to architect a plan that would drive us to profitability.

But the trick was -- we had to do it where we'd cut fat but not muscle. We had to get ToutApp to a state where we'd become a lean mean fighting machine, not an anemic company waiting for a suitor to acquihire it.

I'm a big fan of first principles thinking, I learned the craft during my time at Bridgewater. I drove through a thought process that asked the question, if we were starting the company from scratch in this market and had some of the unfair advantages that Tout has, how would we structure the company?

I put a simple strategy in place so that we could rightsize the company in a thoughtful way:

1. **ICP:** Instead of playing in all segments and play a grow at all costs land grab game, we would identify our Ideal Customer Profile and only play where our customers were profitable
2. **Ratios:** We would orient the size of each department around that Ideal Customer Profile and the prioritized ARR of our total ARR
3. **Internal Software:** We would then allocate two developers on internal tools so that we can run more efficiently as a company and automate away the lower segments of customers who were likely to churn anyway
4. **The Not-So-Secret Plan:** Layoffs are tough for people that get laid off. They're 10x tougher for the people that were "lucky" to keep their jobs. We instituted massive transparency right down to financials for the whole company along with a clear articulation of the above strategy going forward. The message was simple: We're not going to give up here, we're still going to get this to a win and here's how.

I won't lie. Leo, Greg and I had a ton of disagreements. The board and I had disagreements. "Cut to 15 and figure it out from there" said the board member. "No way I said. It'll just kill us," I said. I went out on a limb and trusted my gut.

We did two cuts instead of one, and I cut less than they wanted me to each time. But we did them, and they were tough, and we navigated through a year where we went from burning nearly a million a month to being on track to becoming cash flow break even. We went from growing at all costs and burning cash to monitoring metrics like Revenue per employee. We went from playing a volume game with our pipeline to having quality metrics around ideal fit for our customer. The rest went to our automated process.

We got on the phone with all of our top customers and walked them through the changes we made and walked them through our plan. They got it. They'd much rather bet on a company that was going after sound financial stability vs chasing the next big round. It was refreshing.

Although we always practiced operational ruthlessness, we were still spending to grow as fast as possible in what was perceived to be a land grab space in a category-making space. As soon as our view of the space changed, the entire strategy and therefore growth strategy for the company changed. We just needed great customers, and not all of them, and we needed to continue to innovate and deliver great service, to become a profitable software company in this space.

As our financials started to reflect that of a better run business, we started to get the first set of M&A opportunities. We got a couple of offers for acqui-hires, we had a couple of private equity buyout opportunities (because they smelled EBITDA), and we even had some talks with our direct competitors around merging. Eventually we said NO to all of them because it didn't fulfill our value thesis: this is going to be a subcategory so let's join forces with a bigger player and finish the game we started.

M&A

Luckily for us, Andreessen Horowitz had an internal banker that helped us think through the whole strategy for engaging with potential acquirers. Jamie McGurk and I created an entire list of who we know, and who would be a likely fit and we worked through our collective networks to forge the right conversations.

One of those companies was obviously Marketo. We engaged with Vince de Baca who ran Corp Dev there and started conversations. While there was initial interest, things slowed as the company brought on a new CEO. Seeing that Steve Lucas, the new CEO at Marketo was coming from SAP, John O'Farrel our new Series B board member, who by the way was equally instrumental in helping us find the right deal, suggested we work with Lars Dalgaard to get an introduction directly with Steve.

I met with Steve, we hit it off, and we continued to explore as we pursued multiple opportunities. Eventually it came down to two term sheets. They were both compelling, but the fit with Marketo and it's vision of the future around an end-to-end customer engagement platform was way too good to pass up.

We got a deal done through April after a grueling 6-week due diligence process and we announced it on stage at Marketing Nation Summit in front of thousands of people.

Mental Toughness

ToutApp almost died. The Burn to Profitability strategy Leo, Greg and I executed with our amazing Touters who stuck with us and our Executive Team including Jessica Green, Cliff Cate, John Beckman, Steven Steffen, David Hauser, and Frank Swain was simply amazing.

As 2016 came to an end and and we headed into January, we started to see the M&A offers come through just as we had planned. At the heels of two of the largest quarters in company history and a new and strong foundation for the company, ToutApp 2.0 as I liked to call it, we also started to see VC interest with the new leaner and meaner ToutApp.

It was a completely different company. In fact, we had to take a moment as an executive team and look each other in the eye and ask -- wait a minute, do we keep executing on the plan? Maybe we raise? No. It's a subcategory, this is the right play.

It wasn't easy though. The first three quarters of 2016 was tough work. I cried the night before I had to do layoffs. When everyone went to the bars after doing a layoff, I sat in my office alone as a solo founder because I knew I'm the last person they want to vent with. It's all my fault. I had sleepless nights. I struggled with my own identity which was so intertwined with the identify of the company. But eventually, with the strength of the amazing team, we created a plan, we had belief, and we were optimistic about our future, and we became unstoppable in achieving our goals.

Epilogue

Life throws all kinds of ups and downs. But you can always fix it. You can be unstoppable. As long as you have belief. And you have optimism.

ToutApp had a successful exit to a market leader and lives on as a product line. ToutApp was not a venture scale return for our amazing investors but they did receive proceeds. The proceeds that I received from the sale of the company, I split more or less evenly with every team member that stuck with us through the tough times to get to the great times.

The past six years has been the most transformational years of my life. I wouldn't trade even a minute of it. Ever. I've learned more than any MBA education could've ever provided. I've become stronger than I ever thought possible. Most importantly, I've had the privilege of being able to work with some of the most amazing humans. And we're not even done.

This may be the concluding post as TK the Founder and CEO of ToutApp, but this by no means is the final post as TK or the ToutApp team. We will continue to disrupt. Expect us.

TK is now the GVP of Strategy at Marketo and the GM of Engagement Apps which includes Marketo's ABM and ToutApp offerings. The ToutApp team continues to work at Marketo. The Burn to Profitability playbook that Leo and TK ran is being turned into a process any business owner can apply to their business to lead transformations like ToutApp. You can learn more about it here.

And lastly, TK continues to share his lessons learned from building a venture backed business at UNSTOPPABLE